

# EUROPEAN ECONOMY

EUROPEAN COMMISSION  
DIRECTORATE-GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

## Supplement A

Economic trends

No 11/12 – November/December 1994



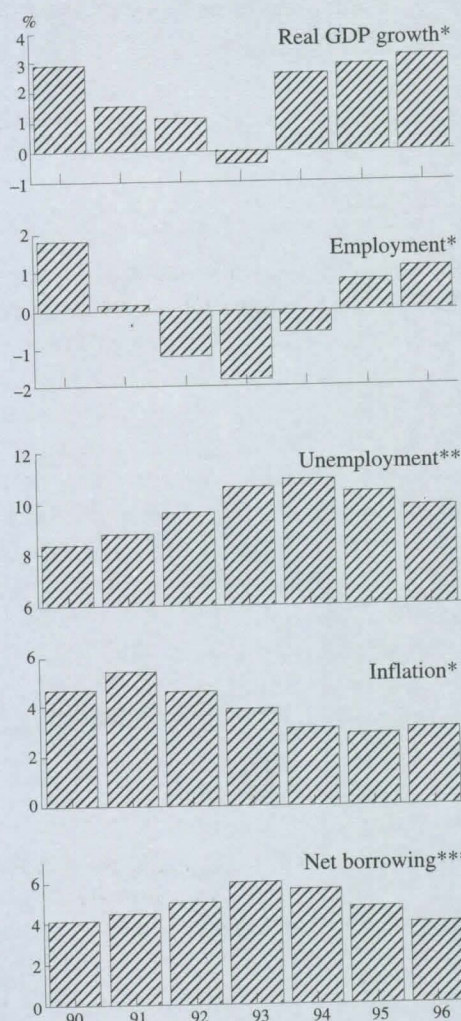
*In this number :  
Economic Forecasts  
for 1994–1996<sup>1</sup>*

### THE COMMUNITY ECONOMIC OUTLOOK : 1994–1996<sup>1</sup>

*The main features of the Commission services' Autumn 1994 Economic forecasts are as follows :*

- The Community economy is recovering faster than expected. Led by exports and investment, output is forecast to grow by 2½ % this year, accelerating to 3% and 3¼% in 1995 and 1996, respectively.
- Following three years of decline, employment is forecast to grow by around ¾ % in 1995 and 1 % in 1996. Unemployment appears to have peaked and is forecast to decline from the present 11 % of the labour force to around 9¾ % in 1996.
- Inflation is expected to edge down further to just below 3 % next year – a performance among the best in Community history. However, there may be a gentle reappearance of inflationary pressures in 1996.
- On present fiscal policies, the average budget deficit is forecast to decline only moderately from around 5½ % of GDP this year to just below 4 % of GDP in 1996, mainly due to improved cyclical conditions. This reduction should just be sufficient to stabilise and reduce the average ratio of government debt-to-GDP in the Community in 1996 at around 73½ % of GDP.
- The Community's external balances, which staged a substantial turnaround last year, are expected to improve slightly over the next years. The current account surplus should grow from 0.4 % of GDP this year to 0.6 % of GDP in 1996.

#### EC economy : General outlook



<sup>1</sup> This is a summary of the Commission Services' Autumn 1994 Economic Forecasts, based on available data up to 17 November 1994. The previous forecasts, focusing on the years 1994–1995, are those of Spring 1994 and were published in Supplement A, N° 5 of May 1994.

\* Annual percentage change.

\*\* As a percentage of the civilian labour force.

\*\*\* As a percentage of GDP at market prices : general government.

## ECONOMIC OUTLOOK 1994 – 1996

*Contrary to earlier expectations of a moderately-paced rebound in activity, there is increasing evidence that the Community economy is moving from a gentle upswing to a rather vigorous and sustained recovery. Given the recent trend in economic indicators and the forces at work in the Community economy, real GDP is now projected to rise by 2½ per cent this year, strengthening further to some 3 per cent in 1995 and 3¼ per cent in 1996. Whereas the strength of the recovery was understated in the Spring forecast, its nature was anticipated correctly. In effect, following the initial strong impulse from buoyant exports, investment will increasingly provide the mainstay of economic expansion while private consumption picks up more gradually. The more vigorous tone of the recovery is reflected in moderately improved labour market prospects. The rate of unemployment appears to have peaked in the spring of this year at 11 per cent, more than half a year earlier than previously projected. It is expected to decline progressively to 9¾ per cent in 1996. Despite the strong pick-up in economic activity, employment is set to fall by more than half a per cent this year*

*– implying historically high cyclical growth in labour productivity – but to rise by ¾ and 1 per cent per year in 1995/96 respectively. Community-wide inflation is edging down further but the disinflation process is expected to bottom out at a rate just below 3 per cent in the course of next year. As the output gap closes, there may be a gentle re-appearance of inflationary pressures in 1996. Under the combined impact of increasingly positive cyclical influences, lower interest rates and fiscal retrenchment efforts, general government net borrowing in the Community on average is projected to fall to just below 4 per cent of GDP in 1996, down by 2 percentage points on its peak level reached in 1993. The projected fall in the budget deficit should just be sufficient to virtually stabilise the government debt-to-GDP ratio in 1996, in which year it is expected to be around 73½ per cent in the Community on average. The Community's current account balance, which staged a substantial positive turnaround last year due to relatively weak domestic demand growth and improved competitiveness, is projected to improve marginally over the next two years.*

### THE COMMUNITY ECONOMY

The forecasting period has been extended to include projections for the year 1996. As usual, the forecasts are conditional upon, *inter alia*, the technical assumption of "no policy change". This means that specific policy measures, especially in the budgetary field, which have not yet been disclosed are not taken into account. As a result, projections for 1996 are essentially an extrapolation of expected trends in 1995. Applying this conventional assumption does not mean that the forecasts cast doubt on the possible achievement of national economic objectives, as for instance outlined in the convergence programmes. Instead, the forecasts suggest that the realisation of these objectives, especially in the field of public finances, will require additional measures which in most cases are already envisaged but not yet put forward in a concrete form and thus not incorporated in the present forecasts.

In anticipation of the forthcoming enlargement of the Community, the Commission services have elaborated detailed economic forecasts for the three acceding countries Austria, Finland, and Sweden<sup>1</sup>. The acceding

countries are not included in the aggregated data for the Community economy.

#### 1. Increasingly well-established recovery

**Recent developments** – Whereas expectations had centered around a moderate recovery in the Community, economic activity expanded at a surprisingly strong rate in the first half of 1994, driven not only by strong exports and rebounding stocks but also by higher investment and firming consumption. In the first quarter of 1994, GDP expanded at an annualised rate of around 2¾ per cent and accelerated further in the second quarter to 4¼ per cent (see Table 2). Industrial production surged in the second quarter and continued rising at a healthy pace into the third quarter. By August 1994, industrial output was up by 6½ per cent compared to the same month one year earlier. Both GDP and industrial production have thusfar expanded at a pace far exceeding their muted revival following the 1981 recession.

In virtually all member countries, activity was supported by better-than-anticipated exports reflecting brisk extra-EC demand as well as a pronounced pick-up in intra-EC trade. Export growth was sustained by noticeable market share gains not only for countries which have devalued (including Italy, Spain and the UK) but also for

<sup>1</sup> Detailed forecasts were also elaborated for Norway. However, following the negative outcome of the Norwegian referendum on EU membership on 27–28 November 1994, Norway is no longer set to join the European Union on 1 January 1995. The results of these forecasts are nevertheless still presented in the tables in the statistical annex.

**TABLE 1 : Main features of Autumn 1994 Economic Forecasts**  
(Annual percentage change, unless otherwise stated)

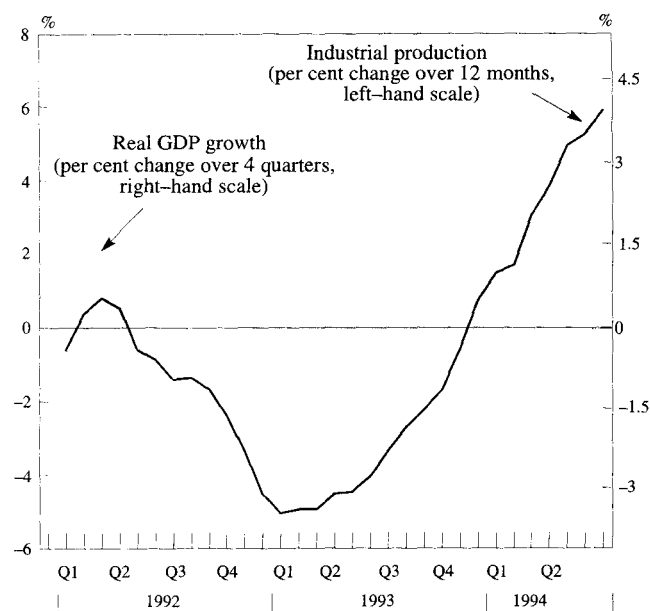
	1988-90	1991	1992	1993	1994	1995	1996
<b>Real GDP growth</b>							
EUR <sup>1</sup>	3.6	1.5	1.1	-0.4	2.6	2.9	3.2
Germany <sup>1</sup>	4.3	4.5	2.1	-1.2	2.5	3.0	3.4
France	3.8	0.8	1.2	-1.0	2.2	3.2	3.2
Italy	3.0	1.2	0.7	-0.7	2.4	3.0	3.2
United Kingdom	2.5	-2.3	-0.5	2.0	3.8	2.7	2.8
<b>Inflation<sup>2</sup></b>							
EUR <sup>1</sup>	4.2	5.4	4.6	3.9	3.1	2.9	3.1
Germany <sup>1</sup>	2.4	3.8	4.8	3.9	2.8	2.2	2.4
France	3.0	3.2	2.4	2.1	1.7	1.9	2.1
Italy	6.0	6.9	5.2	5.1	4.0	3.5	3.5
United Kingdom	5.5	7.4	4.8	3.5	2.5	2.9	3.3
<b>Unemployment (%)<sup>3</sup></b>							
EUR <sup>1</sup>	9.1	8.8	9.6	10.6	10.9	10.4	9.8
Germany <sup>1</sup>	5.6	5.2	6.0	7.0	7.3	7.0	6.4
France	9.4	9.5	10.0	10.8	11.3	11.0	10.6
Italy	10.6	10.1	10.3	11.1	11.8	11.1	10.4
United Kingdom	7.5	8.9	10.2	10.4	9.4	8.5	7.6
<b>General government net borrowing (% of GDP)</b>							
EUR <sup>1</sup>	-3.5	-4.6	-5.0	-6.0	-5.6	-4.7	3.9
Germany <sup>1</sup>	-1.4	-3.2	-2.6	-3.3	-2.9	-2.4	-2.0
France	-1.5	-2.2	-3.9	-5.8	-5.6	-4.9	-3.9
Italy	-10.5	-10.2	-9.5	-9.5	-9.6	-8.6	-7.9
United Kingdom	-0.5	-2.6	-6.2	-7.8	-6.3	-4.6	-3.4
<b>Current account balance (% of GDP)</b>							
EUR <sup>1</sup>	-0.2	-1.2	-1.1	-0.1	0.3	0.5	0.6
Germany <sup>1</sup>	4.2	-1.2	-1.2	-1.2	-1.4	-1.1	-0.9
France	-0.6	-0.5	0.1	0.9	0.5	0.5	0.4
Italy	-1.1	-1.8	-2.2	1.1	2.0	2.6	2.9
United Kingdom	-5.0 <sup>3</sup>	-2.4 <sup>3</sup>	-2.4 <sup>3</sup>	-1.6	-0.4	-0.4	-0.3
<b>International economic environment</b>							
GDP growth United States	2.5	-1.1	2.6	3.0	3.9	2.7	2.3
GDP growth Japan	5.2	4.0	1.3	0.1	0.7	2.2	2.7
GDP growth EFTA	2.6	-0.3	-0.1	-0.7	2.6	3.1	3.1
World imports excl. EUR	6.7	3.2	7.9	9.4	9.9	8.2	7.9
Extra-EC export market growth	6.4	0.2	4.4	6.8	8.9	7.4	7.1

1 EUR and Germany including the new German Länder from 1991 onwards; percentage changes from 1992 onwards.

2 Deflator of private consumption.

3 Eurostat definition.

GRAPH 1: Industrial production and real GDP - EUR



others, in particular Germany. However, compared to the Commission's Spring forecast, a significant factor behind the better-than-expected overall performance has been a noteworthy, if still somewhat patchy, recovery in investment and consumption. The investment cycle appears to have bottomed out in late 1993 and investment is now on the rise in most member countries, expanding

quite rapidly in some and exceeding expectations also in a number of others. Private consumption proved resilient to adverse developments in disposable income as household saving rates have dropped in a good number of countries in line with a continued marked improvement in consumer confidence.

In continental Europe, a reversal of the pronounced destocking in 1993 gave a significant boost to activity in the first half of 1994. Despite the build-up of stocks, the balance of surveyed firms in the manufacturing and retail sectors reporting above-normal stocks of finished goods continued to fall in the second and third quarters of 1994, indicating that the sharp rebound in industrial production did not rely excessively on restocking.

TABLE 2: Recent evolution of economic growth - EUR7<sup>1</sup>  
(Percentage change from previous quarter at annual rate)

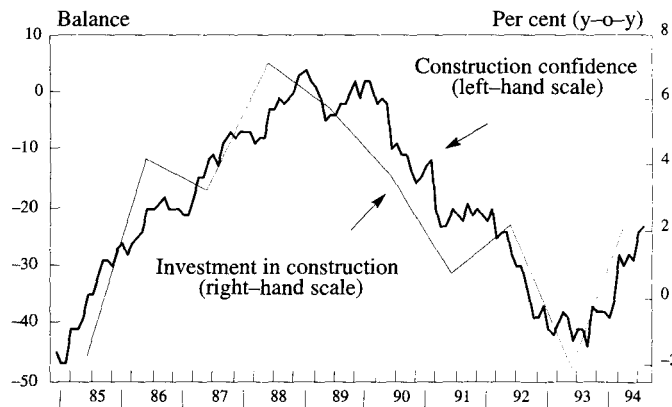
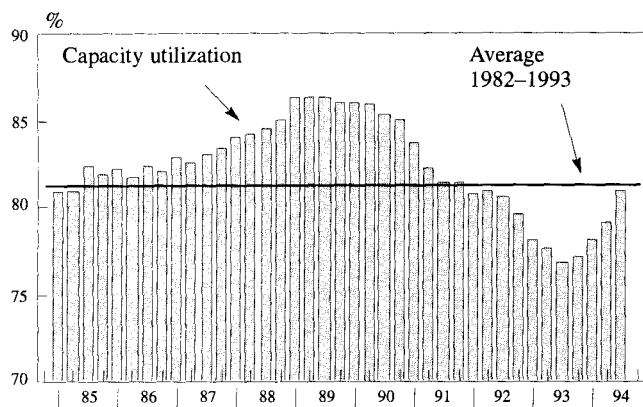
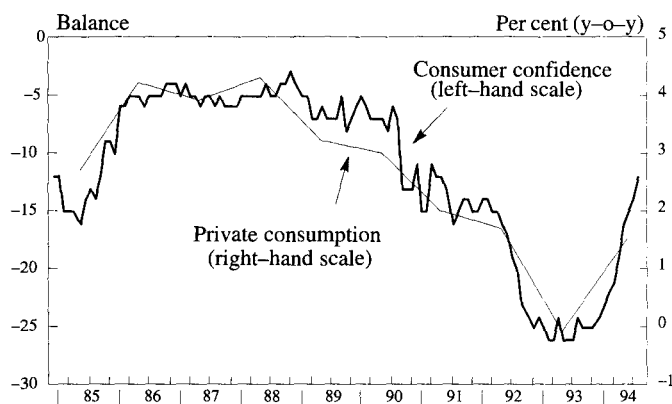
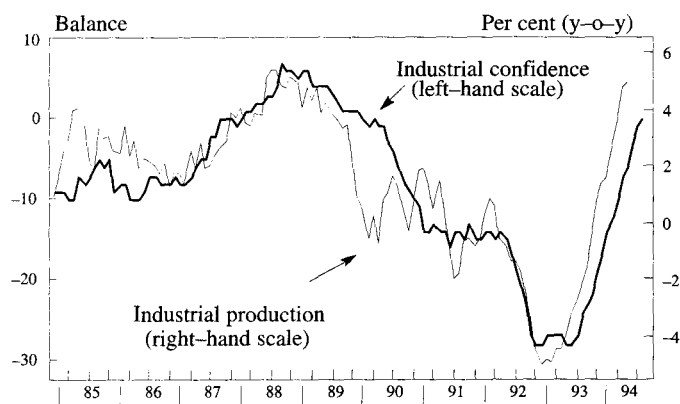
	1993				1994	
	Q1	Q2	Q3	Q4	Q1	Q2
Private consumption	-4.2	0.4	3.5	0.8	1.3	1.2
Government consumption	-2.1	-0.2	2.3	1.2	-0.7	0.9
Gross fixed capital formation	-9.8	-11.1	2.4	-4.7	8.1	0.5
Change in stocks <sup>2</sup>	-0.6	1.9	-1.8	0.5	1.4	2.1
Exports of goods and services <sup>3</sup>	-1.0	0.9	9.4	6.4	9.6	7.7
Imports of goods and services <sup>3</sup>	-11.4	-3.2	7.5	4.4	12.0	4.2
GDP	-2.4	1.0	1.8	1.1	2.7	4.2

<sup>1</sup> EUR7 = DK, WD, E, F, I, NL, UK.

<sup>2</sup> As a percentage of GDP.

<sup>3</sup> Including intra-EC trade.

GRAPH 2: Forward-looking indicators - EUR





The vigorous rebound in economic activity helped to arrest the upward drift in *unemployment* in the Community. The unemployment rate peaked at a level of 11.0 per cent of the civilian labour force in April/May 1994 (excluding the new German Länder) and declined perceptibly thereafter to 10.7 per cent in September, thus returning to the level reached one year earlier. *Consumer price inflation* abated further in the summer and autumn of 1994 to slightly below 3 per cent (over 12 months) by October 1994.

**Forward-looking indicators** – The most recent survey results continue to be very promising, suggesting a continuation of the pace of economic growth in coming quarters. In recent months, industrial confidence in the Community has continued the spectacular revival observed since autumn 1993 (see Graph 2). Industrial confidence is now as high as in early 1988, when the Community was in its third year of above-trend growth and investment in equipment increased at a very high pace. Foreign order books continue to fill up and since the beginning of this year domestic orders have been improving at a similar rate. Production expectations have increased further in recent months and export volume expectations have reached a historical high.

Capacity utilization ratios in the manufacturing sector increased strongly in the third quarter of 1994 and are now close to the average level of the period 1982–93. This indicates that a good part of the capacity laid idle during the recession has now been taken up again or has become economically obsolete. In recent months, confidence in the construction sector has picked up considerably (particularly in Italy, the United Kingdom, Spain, Ireland and Denmark), signalling an emerging upturn in construction activity. Since the Spring 1994 forecasts, consumer confidence has remained on a sharply upward trend.

**The growth outlook** – Over the forecasting period, the Community economy is expected to proceed from the present early phases of recovery to an increasingly broad-based expansion with growth exceeding the Community's estimated potential rate. Among the main forces shaping the outlook for the Community economy in 1994–96 the following stand out:

- a continued favourable international environment;
- the pronounced monetary easing of the last two years;
- strong industrial and consumer confidence;
- comparatively healthy profitability of investment.

Economic activity is now estimated to grow by around 2½ per cent this year – an upward revision of a full percentage point on the Commission services' previous forecast from Spring 1994. Output growth is expected to accelerate further to 3 per cent in 1995 and to slightly above 3 per cent in 1996. Whereas the strength of the up-

TABLE 3 : Composition of growth – EUR

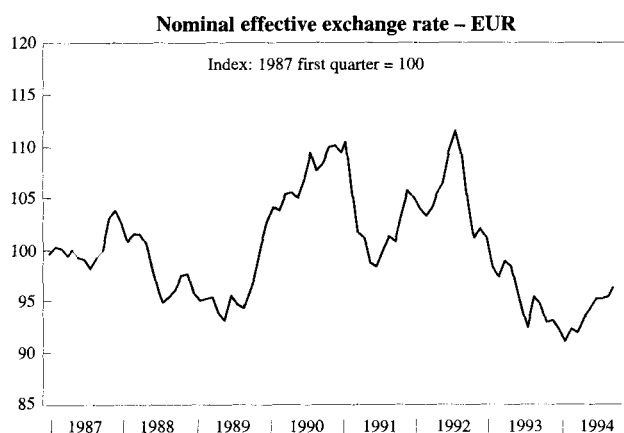
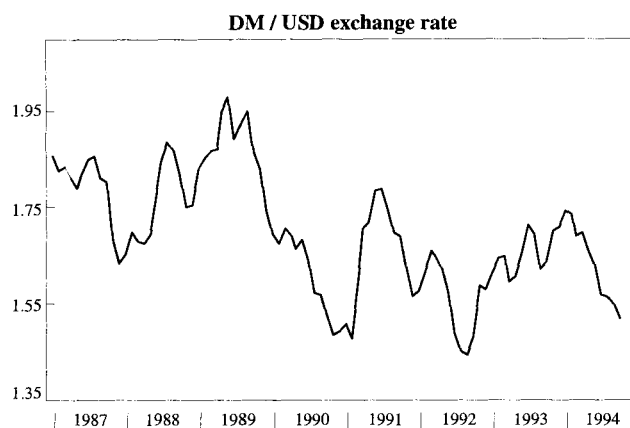
	1992	1993	1994	1995	1996
Real annual percentage change					
Private consumption	1.7	-0.1	1.5	2.0	2.4
Government consumption	1.7	0.7	0.7	0.8	1.0
Gross fixed capital formation	-0.2	-5.2	2.6	5.8	6.3
of which : – Equipment	-2.6	-9.5	1.8	7.2	7.8
– Construction	2.2	-2.1	2.8	4.6	5.2
Exports of goods and services <sup>1</sup>	3.5	0.4	8.1	7.2	7.0
Imports of goods and services <sup>1</sup>	3.9	-3.7	5.9	6.5	6.8
GDP	1.1	-0.4	2.6	2.9	3.1
Contribution to changes in GDP					
Private consumption	1.2	0.0	0.9	1.3	1.5
Government consumption	0.3	0.1	0.1	0.1	0.2
Gross fixed capital formation	-0.1	-1.2	0.5	1.2	1.3
Exports of goods and services <sup>1</sup>	1.1	0.5	2.4	2.2	2.3
Imports of goods and services <sup>1</sup>	-1.4	0.9	-1.8	-2.1	-2.2
Stocks	-0.1	-0.7	0.5	0.2	0.1

<sup>1</sup> Including intra-EC trade.

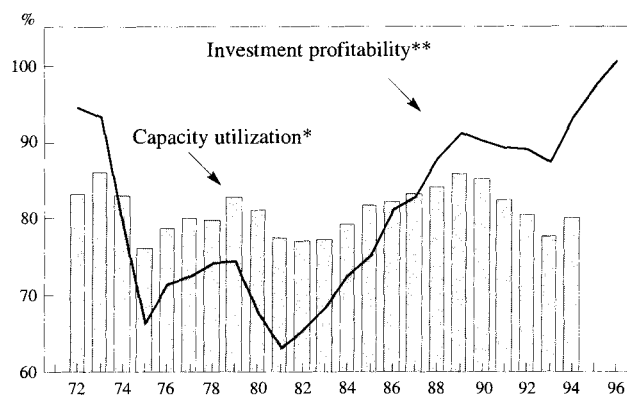
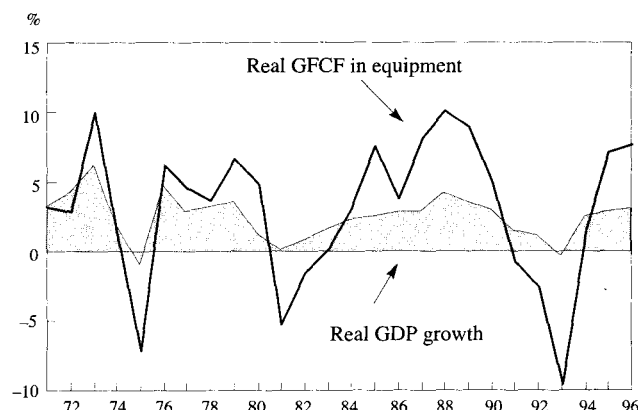
swing was understated in the Spring forecast, the nature of the recovery process corresponds closely to what had been anticipated. In effect, an initial strong impulse from buoyant exports has increasingly spilled over into a revival of investment, particularly in machinery and equipment, and a strong impulse has emanated also from re-stocking. The improved climate has underpinned a recovery in construction activity and more gradually in private consumption growth. The pattern of a strong pick-up in investment – implying an accelerated expansion of productive capacity – combined with a moderate growth of private consumption reduces the risk of a future overheating of the economy and is therefore compatible with sustainable growth in the medium term.

Economic expansion in the Community will continue to be underpinned by *strong export growth*. This year, all member states have enjoyed rapid growth of exports not only to countries outside the Union but also to the rest of the Community. In the next two years, imports are projected to grow at a relatively high pace in North America, Japan, South-East Asia and China, Latin America as well as in the EFTA-countries and parts of Central and Eastern Europe. Strong international import growth combined with rapidly expanding intra-Community trade should continue to provide Community producers with fast-growing export markets. Furthermore, in view of the still substantial overall effective depreciation of the Community's currencies since 1992 (see Graph 3), as well as the adjustment of European firms to a relatively low US dollar, the Community's international competitiveness is not seriously hampered by the weaker-than-expected US dollar. Therefore, the marked gains in international market shares made by the Community in 1993 and again in 1994 are expected to be maintained. Overall, the rate of expansion of exports of goods and services is projected to decelerate only slightly from this year's 8 per cent to a still high 7 per cent in 1995/96.

GRAPH 3 : Exchange rates

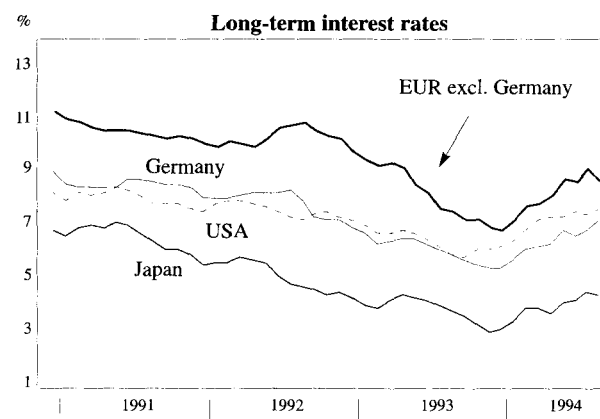
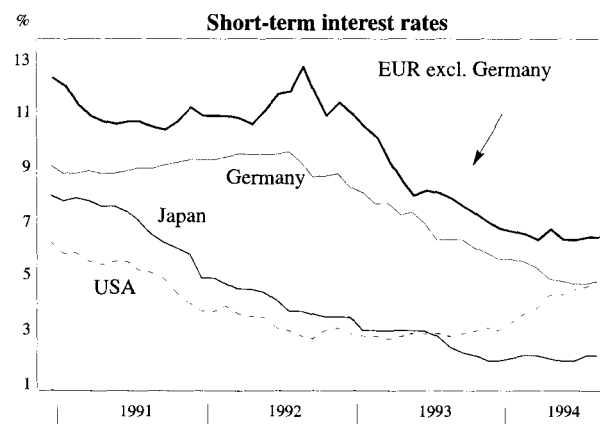


GRAPH 4 : Investment in equipment and its main determinants - EUR



\* 1994 : estimate on the basis of the first three quarters.  
 \*\* net return on net capital stock, index : 1961-73=100.

GRAPH 5 : Interest rates



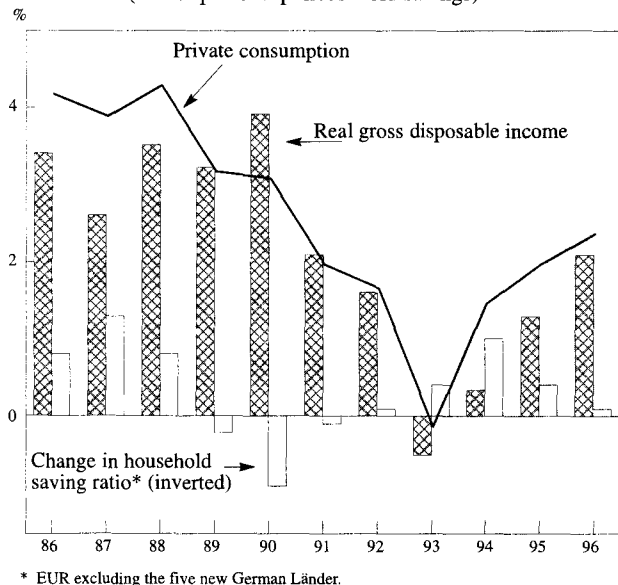
Over the next two years, the Community economy will progressively shift from an export-led to an investment-driven growth dynamism. In particular *investment in equipment* is poised to stage a brisk revival (see Graph 4) boosted by better demand prospects, rising capacity utilisation and the pronounced easing of short-term interest rates over the last two years. Moreover, investment profitability remains relatively healthy, not much affected by the recession and expected to improve markedly further. Ongoing restructuring efforts, aimed at further strengthening the competitiveness and productivity of the Community's manufacturing sector, will continue to add to investment.

These factors should significantly outweigh the adverse impact of the unexpected rise in long-term interest rates since the beginning of the year (see Graph 5). This rise has reversed about half of the preceding fall in long-term rates from the summer of 1992 until early 1994. Long-term rates are assumed to drift slowly downwards in the first half of 1995 and remain broadly unchanged thereafter, reflecting on the one hand the view that the increases which occurred in 1994 were in part excessive and, on the other hand, the assumption that inflation will remain subdued and fiscal consolidation will proceed as planned.

In sum, following 2 per cent growth this year, investment in equipment should accelerate to around 7-8 per cent in

1995-96, roughly matching the investment surge during the previous boom period. *Investment in construction* will be dampened comparatively more by the rise in long-term rates. Consequently, it should accelerate less rapidly from 2¾ per cent in 1994 to around 5 per cent in 1995-96. In continental Europe, a rebound in *stock-building* has provided a major impetus to growth this year. Its contribution is expected to fade but remain positive over the next two years.

GRAPH 6 : Private consumption and its determinants – EUR  
(real % p.a. except household savings)



Private consumption is picking up later on in the recovery cycle and more gradually. This year, despite near-stagnation of real personal disposable income, consumer expenditure may have grown by around 1½ per cent thanks to a substantial fall in precautionary savings in line with markedly improved consumer confidence as the recovery became firmly rooted and consumers' perceptions of income and job prospects improved. In the next two years, the savings ratio should decline only modestly further, but rising employment and a moderate increase in real wages will lead to renewed growth in real disposable incomes, allowing private consumption to expand by 2 per cent next year and by close to 2½ per cent in 1996. The decline in the household savings rate represents a certain normalisation following the rise in the ratio during the 1989/91 period. The lower household savings ratio is not expected to lead to any structural short-coming of overall private sector savings as it is balanced by increased savings of enterprises. Public consumption is likely to remain subdued given the overriding need for fiscal retrenchment in the majority of member countries.

## 2. Convergence of growth towards trend or above-trend rates

Economic recovery is expected to extend to all member countries and to go hand-in-hand with a greater convergence of output growth rates across the Community. This

year, cyclical conditions still varied considerably across the Community. Economic growth was particularly strong in Ireland, Denmark and the United Kingdom while the upswing became increasingly robust in Germany, France, Italy, Spain, the Netherlands and Belgium. Conversely, despite a certain pick-up, economic activity has remained rather weak in Portugal and Greece. However, over the next two years, almost all member countries should record rates of expansion in the range of 2¾ to 3¼ per cent, with growth generally higher in 1996 than in 1995.

The short-term growth outlook for *Germany* has become significantly brighter in recent months as an increasingly well-established recovery in the western part combines with continued high growth in the new Länder. Following some output growth moderation in the second half of this year, reflecting an expected slowdown in residential construction and stockbuilding, the west German economy is expected to advance to a higher growth path throughout the forecasting period, with GDP growth progressively accelerating from 2 per cent this year to 3 per cent in 1996. While (extra-EC) exports played a major role in igniting and supporting recovery in late-1993 and early-1994, domestic forces, and in particular investment spending in the business sector, increasingly provide the mainstay of economic expansion. Investment in construction may decelerate somewhat due to higher long term interest rates and a scaling-back of fiscal incentives for housing, but should continue to grow at a healthy pace. Private consumption, which this year proved more resilient than anticipated, is likely to remain relatively weak next year as fiscal consolidation – in particular the reinstitution of the "solidarity" income tax surcharge – will bear down on disposable income. However, consumer spending is expected to accelerate markedly in 1996 in line with stronger growth of real disposable income. In eastern Germany economic activity is set to continue expanding at a strong pace and to become more broadly-based. Overall, growth in Germany is expected to reach 2½ per cent this year (twice as much as anticipated in the Spring forecast) accelerating to 3 per cent and close to 3½ per cent in 1995 and 1996, respectively.

In *France* a robust, broadly-based, recovery appears to have taken hold. While initially boosted by both exports and an end to de-stocking, the upswing was more recently fostered by a revival in private consumption – supported by special incentive schemes for car purchases – and construction. Forward-looking indicators point to an encouraging near-term growth outlook. Consequently, output growth is projected to accelerate from 2¼ per cent this year to around 3¼ per cent in 1996. Exports should continue to expand quickly but given relatively stronger domestic demand growth in France than in its main trading partners, the contribution of the foreign balance is expected to remain slightly negative. As elsewhere in the Community, investment will supplement exports as a strong driving force. Investment in equipment is ex-

pected to increase at a healthy 8½ per cent next year, accelerating to above 10 per cent in 1996, supported by rapidly increasing capacity utilization rates and a high capacity for self-financing in the business sector. Helped this year by fiscal incentives, private consumption is expected to strengthen further in the coming years, but-ressed by accelerating disposable income and a fall in the household savings ratio. Following pronounced de-stocking in 1992-93, the stock cycle is expected to contribute substantially to GDP growth this year (close to 1 percentage point), but less in the two coming years.

The *Italian* economy also is emerging rapidly from recession as fast-growing exports are increasingly complemented by a pick-up in domestic demand. After an unprecedented expansion this year, exports are projected to decelerate somewhat over the next two years, as the depreciation-induced improvement in export price competitiveness recedes, bringing to a halt the gains in market shares. Investment in equipment is expected to expand strongly in 1995-96 in response to already emerging capacity constraints in export sectors and continuously improving demand prospects. Private consumption looks set to rebound quite strongly in 1994 from the steep fall last year, due to an early and stronger than expected drop in the savings ratio. It is projected to gain further momentum in the years ahead in line with increases in employment and modest rises in real wages. After the sharp fall in inventories recorded during the recession, re-stocking will add substantially to growth in 1994, receding in the following years. The growth forecast is surrounded by a considerable degree of uncertainty related to the fortunes of the recently announced fiscal plan and the preservation of the present incomes policy framework.

In the *United Kingdom*, the pace of output growth quickened in the first three quarters of 1994 and growth is now estimated at almost 4 per cent for the year as a whole. However, the rate of expansion is set to slow down to a more sustainable rate of around 2¾ per cent per year in 1995/96, essentially due to the announced tightening of economic policies and, to a lesser extent, an assumed normalisation of growth in oil production after the surge in 1993/94. As further tax increases enter into force, real personal disposable income will grow only slowly and together with somewhat higher interest rates this will restrain consumption expansion to around 2 per cent in 1995/96. Exports should remain buoyant although the pace is set to slow down somewhat from this year's rapid increase, as the benefits of Sterling depreciation and exceptional growth of oil exports wear off. Investment should continue to expand rather rapidly given the already quite high level of capacity utilization especially in manufacturing. A very gentle rebound in activity is forecast for 1996 thanks to a slight acceleration in private

consumption compounded by a continued healthy growth in investment and exports.

The favourable turnaround in economic prospects in the larger Community economies is generally mirrored in the outlook for the remaining member countries. Their growth performance in 1994 has similarly turned out to be significantly better than expected in the Spring, with the exception of Greece and Portugal. A further quickening in the pace of economic activity is generally anticipated. In *Spain*, and to some extent *Portugal*, the economic situation has parallels to that of Italy, and high export growth will progressively underpin a rather strong pick-up in investment.

TABLE 4 : Contributions to real GDP growth  
(Per cent of real GDP in the preceding year)

	1992	1993	1994	1995	1996
<b>Germany</b>					
Domestic demand, excl. stocks	3.5	-1.0	1.7	2.5	3.0
Stockbuilding	-0.6	-0.2	0.3	0.1	0.0
Exports of goods and services	0.1	-1.5	1.8	1.9	2.0
Imports of goods and services	-0.8	1.6	-1.4	-1.5	-1.7
Real GDP growth	2.2	-1.1	2.5	3.0	3.4
<b>France</b>					
Domestic demand, excl. stocks	0.8	-0.6	1.5	2.8	3.2
Stockbuilding	-0.6	-1.2	0.9	0.5	0.3
Exports of goods and services	1.3	-0.2	1.5	1.7	1.7
Imports of goods and services	-0.3	1.0	-1.6	-1.9	-2.0
Real GDP growth	1.2	-1.0	2.2	3.2	3.2
<b>Italy</b>					
Domestic demand, excl. stocks	0.8	-4.2	1.1	2.4	2.9
Stockbuilding	0.3	-1.6	0.5	0.4	0.3
Exports of goods and services	1.4	2.8	2.5	2.2	2.1
Imports of goods and services	-1.7	2.4	-1.7	-2.0	-2.2
Real GDP growth	0.7	-0.7	2.4	3.0	3.2
<b>United Kingdom</b>					
Domestic demand, excl. stocks	-0.2	1.9	2.6	2.3	2.5
Stockbuilding	0.5	0.3	0.4	0.0	0.0
Exports of goods and services	0.9	0.9	2.1	1.6	1.8
Imports of goods and services	-2.0	-1.0	-1.3	-1.3	-1.4
Real GDP growth	-0.5	2.0	3.8	2.7	2.8

In *Denmark*, recovery is already well established and driven by domestic factors; a certain moderation is expected over the next two years, while in *Ireland* - which has been the fastest growing economy in the Community for the last five years - economic activity is expected to remain buoyant as output growth should stay above an annual rate of 5 per cent. In *Belgium* and the *Netherlands* growth should also increasingly be bolstered by domestic demand, notably investment in equipment and increasingly private consumption. Conversely, in *Greece* significant structural and macroeconomic imbalances continue to weigh heavily on economic activity so that growth is forecast to remain subdued at around 1 per cent in 1995 and some 1¾ per cent in 1996.



# SHORT-TERM OUTLOOK FOR THE THREE ACCEDING COUNTRIES

The Community is scheduled to be enlarged with the accession of Austria, Finland and Sweden on 1 January 1995. In recent years, economic developments have varied considerably between these countries. In Austria, business cycle developments have been strongly correlated with those of the Community. Finland and Sweden experienced their most severe post-war recessions between 1990 and 1993 due to a severe loss of competitiveness and belated tightening of economic policies in the face of substantial overheating in the late 1980s. In Finland, the downturn was worsened by the collapse of traditionally large exports to the former USSR.

However, in all three countries there has been a considerable rebound in activity. Growth should continue to gain momentum under the combined impact of international recovery, macroeconomic and structural adjustment and the positive impulse emanating from the scheduled accession to the Community. EC membership (which is fully incorporated in the present forecasts) affects (i) activity, through positive confidence and trade integration effects (ii) inflation, mainly through a fall in food prices and (iii) the general government accounts as well as the external balance through transfers to and from the EC budget.

In *Austria*, economic activity is set to recover strongly this year (to growth of 2¾ per cent), led not only by increased external demand but also by a comparatively strong performance of domestic demand owing to higher investment as well as a fiscal boost. Growth is set to accelerate to above 3 per cent in 1995/96, backed by continued strong exports and investment. Employment should expand quite strongly, reducing the unemployment rate to below 4 per cent while pushing the rate of wage increases to around 4¼ per cent in 1996. Consumer price inflation should fall to 2½ per cent in 1995 but then move back to around 3 per cent in 1996. The general government deficit is expected to deteriorate further from 4½ per cent of GDP this year to just below 5 per cent in 1995 before dropping to around 4¼ per cent of GDP in 1996.

After four difficult years in which GDP fell by 13 per cent and unemployment reached 20 per cent, the *Finnish* economy is presently enjoying a strong upswing driven by vigorous export growth and a reversal of the downward trend in domestic demand. Growth is set to accelerate from this year's 3¾ per cent to around 5 per cent in the next two years. The growth of exports will slow down from this year's rapid pace under the influence of the recent rebound in the Finnish Markka and tightening capacity constraints in some export sectors. Investment in equipment will continue rising at a fast pace and con-

struction should stage a marked rebound. Consumer spending is expected to revive briskly in 1995 and 1996 after five consecutive years of decline. While remaining low, inflation is projected to accelerate from this year's 1½ per cent to 2¾ per cent in 1996, reflecting inflationary pressures in the export sector. Despite the revival in economic growth the budget deficit is projected to increase slightly to 5 per cent of GDP, but certain one-off factors hide an underlying improvement which shows up in a marked fall in the budget deficit to 2½ per cent in 1996.

**Main features – Acceding countries**  
(Annual percentage change unless otherwise specified)

	1992	1993	1994	1995	1996
<b>Austria</b>					
Real GDP	1.6	-0.3	2.8	3.1	3.2
Unemployment (%)	5.4	6.2	6.0	5.6	5.1
Inflation <sup>1</sup>	3.8	3.6	2.9	2.5	3.0
Gen. Govt. net borrowing <sup>2</sup>	-2.0	-4.1	-4.4	-4.9	-4.2
<b>Finland</b>					
Real GDP	-4.0	-2.6	3.7	5.0	5.1
Unemployment (%)	13.2	18.0	18.7	16.7	14.0
Inflation <sup>1</sup>	4.3	3.8	1.5	2.2	2.7
Gen. Govt. net borrowing <sup>2</sup>	-5.9	-7.2	-4.7	-5.0	-2.5
<b>Sweden</b>					
Real GDP	-1.9	-2.1	2.2	2.9	2.9
Unemployment (%)	5.4	8.2	7.8	7.7	7.2
Inflation <sup>1</sup>	2.6	6.2	3.2	-3.5	3.1
Gen. Govt. net borrowing <sup>2</sup>	-7.4	-13.3	-11.7	-9.6	-7.3

<sup>1</sup> Private consumption deflator.  
<sup>2</sup> In % of GDP.

*Sweden* will see a rather strong pick-up in growth this year (to 2¼ per cent) following the worst recession since the 1930s, in which GDP declined by more than 5 per cent from 1990 to 1993. Recovery has been ignited by strongly expanding exports following the large effective depreciation of the Swedish krona in late 1992, and quickened by a 20 per cent surge in equipment investment driven by higher utilisation ratios in exporting sectors and generally improved demand prospects. In 1995 and 1996 the pace of export growth will slow down markedly as devaluation-induced market share gains are gradually exhausted, but will remain high in line with strong market growth. Continued buoyant investment in equipment together with a revival of private consumption will push growth close to 2¾ per cent in 1995 and 1996. Inflation could edge up to over 3 per cent in 1995 and 1996, mainly due to higher indirect taxes. Assuming a fiscal tightening in line with the announced consolidation measures, the budget deficit could fall from close to 12 per cent of GDP in 1994 to a still high 7¼ per cent of GDP in 1996.

### 3. Uncertainties and risks

The present forecast for the Community economy is, as usual, a central one, with upside and downside risks being fairly equally balanced. The principal uncertainties attached to the forecast relate to the strength of the endogenous growth forces at work in the Community economy, the recent financial market developments and their impact on the Community economy, the degree of pressure on production factors and the associated inflation response and finally whether sufficient progress will be made towards sounder public finances.

*Growth dynamics* – Despite the rather upbeat growth outlook presented here, there is a distinct possibility that the strength of the recovery forces may have been underestimated. In particular, the surprising initial strength of the upturn and the coming together of a host of positive factors could lead to an even stronger investment take-off than presently projected. Furthermore, the early reversal of unemployment trends and a continued strengthening of economic conditions may herald a more pronounced reduction in savings ratios than presently assumed thus leading to a more buoyant private consumption scenario. In addition, the turnaround in the stockbuilding cycle could be stronger than expected.

*US dollar exchange rate* – As usual, the evolution of the US dollar presents a two-way uncertainty. A weaker-than-projected dollar constitutes a negative risk to the growth outlook as it could have more serious adverse consequences for the Community's trade performance than the quasi-stagnation of international market shares assumed in the forecast, thereby also endangering the augmented business climate and investment prospects in the EC. However, following the increase in US short-term interest rates in November 1994 and the subsequent strengthening of the US dollar, this risk appears to have receded somewhat. If dollar fortunes were to turn around, EC growth prospects would be enhanced. It would impact favourably on exports and business confidence while generating positive spill-overs from an increased probability of a soft-landing for the US economy.

*Rising long-term interest rates* – In the present projections, the rise in bond yields since early 1994 is assessed to have only a minor restraining influence on overall growth, notably by dampening investment in construction somewhat. However, the hike in long-term interest rates could have more serious consequences for overall investment as well as private consumption, if business expectations and consumer confidence were to suffer from increased financial uncertainty. An adverse impact could result if long term

rates do not decline in the coming year as assumed in the forecast, for example in the event of unfavourable developments on the inflation front or insufficient budgetary consolidation.

*Resurgent inflationary pressures* – There is no immediate threat of a significant pick-up in inflation in the Community. In effect, both cyclical factors – including the present level of unemployment, wage and unit labour cost moderation and a weak dollar – as well as structural factors – including institutional changes in wage-setting procedures and steps towards central bank independence – will restrain price developments. Nevertheless, as the recovery proceeds and matures in 1996, a rekindling of inflationary pressures cannot be excluded. These pressures could stem from an earlier exhaustion of remaining spare capacity – particularly as a larger-than-expected part of the existing idle capacity may have become economically obsolete – or from stronger-than-expected increases in commodity prices and/or from higher wage settlements which could themselves be a reaction to higher price inflation. By impacting negatively on business and financial market confidence and/or causing a tightening of the policy stance, a rise in inflation would threaten the sustainability of the recovery.

*Size of the budget deficit reductions* – The forecasts show some improvement in structural budget balances in 1995 but relatively little change in 1996 as specific policy measures for 1996 have not yet been disclosed. Failure to seize the opportunity offered by the encouraging growth outlook to intensify action to curb budget deficits and to reverse the rising trend in government debt-to-GDP ratios would endanger the credibility of the policy commitment to achieve low inflation and sound public finances. This could cause further hikes in long-term interest rates, thus compromising growth prospects.

### 4. Moderately improved labour market prospects

The more vigorous tone of the recovery is reflected in moderately improved labour market prospects. The *unemployment* rate in the Community appears to have peaked in late spring, more than half a year earlier than previously projected, and has gradually trended down since then. This early cyclical decline in the unemployment rate is apparently due both to a halting of the process of labour shedding and a mildly shrinking labour force, *inter alia* suggestive of a substantial labour discouragement effect. However, employment in the first part of 1994 appears to have been lagging the upturn in output growth to an unusual degree, implying a historically high labour productivity growth of more than 3 per cent for the year as a whole. A number of factors may un-

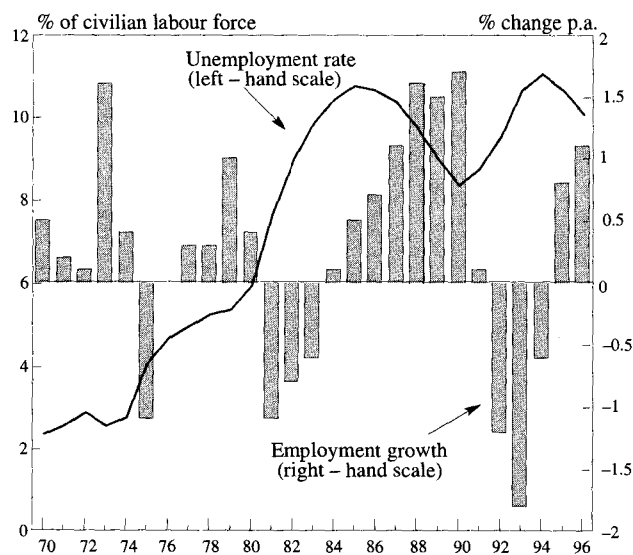
derlie this development. First, export-led growth – concentrated to a considerable extent in industries with relatively low labour-intensity – has meant less direct employment-creation in the early phase of recovery until higher demand for capital goods and other indirect effects create jobs elsewhere in the economy. Secondly the unexpected pace of the upswing has forced companies to rely on intensified use of existing resources to an unusually high degree. To the extent that this is the case, some catching-up of employment may become evident over the coming quarters. Thirdly, intensified international competition – also within the internal market – has led to substantial rationalisation and restructuring efforts which may have shifted upwards the rate of labour productivity growth.

TABLE 5 : Labour market outlook – EUR  
(Annual percentage change, unless otherwise specified)

	74/85	86/90	91/93	1994	1995	1996
Labour force	0.8	0.9	0.1	-0.0	0.3	0.4
Employment	0.0	1.3	-0.8	-0.6	0.8	1.1
Unemployment <sup>1</sup>	6.8	9.7	9.7	10.9	10.4	9.8
Labour productivity <sup>2</sup>	2.0	2.0	1.5	3.2	2.2	2.1

<sup>1</sup> Percent of civilian labour force, Eurostat definition.  
<sup>2</sup> Whole economy.

GRAPH 7 : Employment and unemployment – EUR



Notwithstanding these developments, the growth of labour productivity is projected to fall back towards its medium-term trend over the next two years. As the recovery gathers further momentum, job creation is expected to turn positive in late 1994/early 1995 after three consecutive years of job losses. Total employment in the Community should grow to the tune of  $\frac{3}{4}$  per cent in 1995 rising to 1 per cent in 1996. Given a projected resumption of growth in the labour force in the next two years – reversing the decline over the period from 1992 to 1994 – employment growth should reduce the unemployment rate in the Community from its current peak of around 11 per cent to a still high  $9\frac{3}{4}$  per cent in 1996.

In 1995 and 1996, rising employment should be a common feature in all twelve current member countries. However, in hardly any country will employment growth be sufficiently strong to achieve a substantial reduction in unemployment. From 1994 to 1996, the unemployment rate is projected to fall by around 2 percentage points only in Denmark, Ireland and the UK. In the remainder of countries, unemployment will decline only modestly although within Germany, unemployment should fall substantially in the new Länder. Unemployment in Greece is projected to rise by around  $\frac{3}{4}$  of a percentage point over the forecasting period.

## 5. The disinflation process may bottom out

Inflation in the Community (private consumption deflator) has continued to edge downwards from its cyclical peak of almost  $5\frac{1}{2}$  per cent in 1991. It is now expected to decelerate from just below 4 per cent in 1993 to only a shade above 3 per cent this year – an inflation performance amongst the best on record in Community history.

TABLE 6 : Inflation outlook – EUR (Annual percentage change)

	1992	1993	1994	1995	1996
Private consumption deflator	4.6	3.9	3.1	2.9	3.1
GDP deflator	4.5	3.7	2.7	2.8	3.0
Compensation per employee	7.0	4.2	3.4	3.6	3.9
Unit labour costs	4.6	2.7	0.2	1.4	1.8
Import prices of goods <sup>1</sup>	-2.1	1.5	2.5	2.6	2.8

<sup>1</sup> Including intra-EC imports.

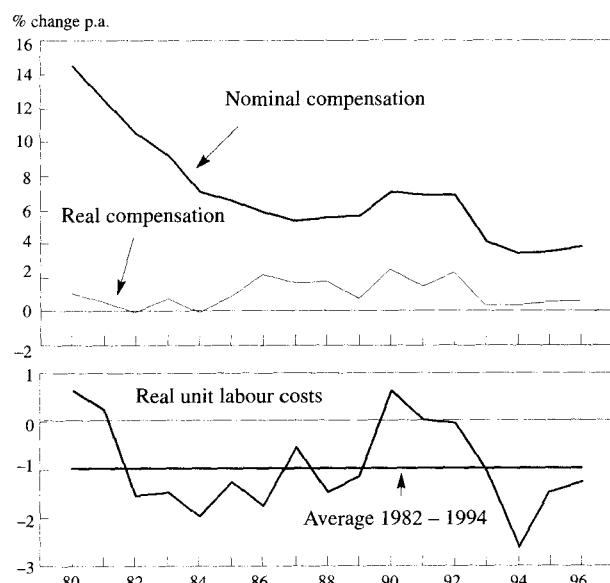
The main factor behind this year's favourable performance has been an unprecedented quasi-stagnation of nominal unit labour costs – rising by only a  $\frac{1}{4}$  per cent for the Community average and actually declining in five member states – owing to a considerable reduction in the pace of nominal compensation per head combined with cyclically high productivity growth. Furthermore, subdued domestic demand, intensified international competition together with a weakening of the US dollar – partly offsetting the surge in non-oil commodity prices – has had a restraining influence on price developments. More visible progress this year was hampered by indirect tax increases in a number of member countries.

Community-wide inflation is expected to edge down further to just below 3 per cent next year but the disinflation process could bottom out in the course of the year, as the amount of spare capacity is reduced. This underscores the need for a tightening of fiscal policies as well as reinforced efforts towards greater labour market flexibility in order to avoid an incipient overheating of the economy. Unit labour costs will resume growing in 1995/96, albeit only modestly.

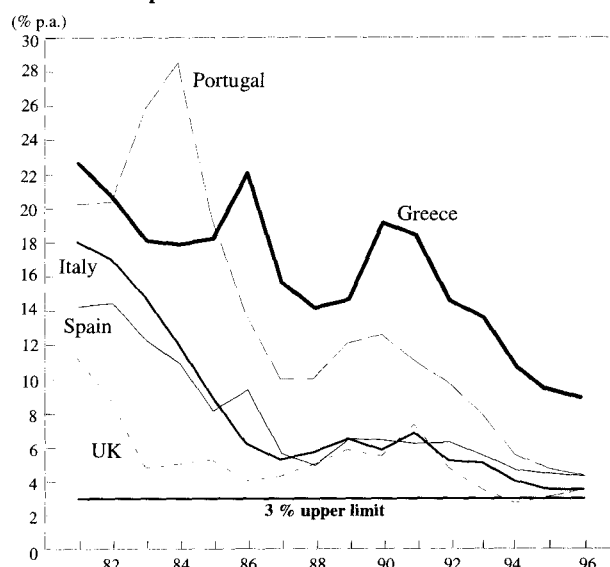
Despite the high level of unemployment, the rate of wage increases should accelerate slightly from less than  $3\frac{1}{2}$  per cent this year to almost 4 per cent in 1996. This acceleration would imply a continued subdued development of real wages per head in the range of a  $\frac{1}{2}$  to  $\frac{3}{4}$  per cent

per year. Given the projected rate of growth in labour productivity, the modest growth of labour costs (in real terms) will lead to a further fall in *real unit labour costs* (see Graph 8) implying a further improvement in investment profitability in the Community.

GRAPH 8: Wage developments – EUR  
(compensation per employee; total economy)



GRAPH 9: Countries where inflation is forecast to exceed 3 percent in 1996.



Already this year, eight member countries are expected to reach the inflation target of maximum 2 to 3 per cent contained in the Broad Economic Policy Guidelines of December 1993 and July 1994. In these countries, inflation should stay below the 3 per cent mark in 1996 with the possible exception of the UK, where the recovery set in earlier than on the continent and where inflationary pressures could reappear earlier than in most other member states. In Italy, Spain and Portugal inflation rates are expected to fall within the 4 to 5½ per cent range this year and following a projected decline in 1995 may sta-

bilise in 1996 within a range from 3½ to 4½ per cent. In Greece, despite a projected slight improvement, inflation will remain high.

## 6. Disappointingly small improvement in budget deficits

General government net borrowing in the Community, which deteriorated markedly from less than 3 per cent of GDP in 1989 to a record 6 per cent in 1993, is expected to commence a gentle descent. Under the combined influence of improving cyclical conditions, lower borrowing costs and, in some countries, considerable fiscal consolidation efforts, the budget deficit is expected to fall by half a percentage point to 5½ per cent of GDP this year, and – under the assumption of no policy change – to decline to 4¾ per cent of GDP in 1995 and 4 per cent of GDP in 1996. Overall, the bulk of the improvement (around two thirds) reflects the impact of improved cyclical conditions on government revenues and expenditure with the balance accounted for by reductions in the structural deficits.

In five member countries (Denmark, Germany, Ireland, the Netherlands and Luxemburg) the forecasts indicate that general government net borrowing could be below 3 per cent of GDP in 1996. Conversely, by 1996, the budget deficit may still be around 3½ per cent in the United Kingdom and close to or exceeding 4 per cent of GDP in Belgium, France, Spain and Portugal. Announced consolidation efforts in Italy may only reduce the deficit ratio to just below 8 per cent of GDP. In Greece<sup>1</sup>, the deficit as a proportion of GDP is projected to remain at a double-digit level.

TABLE 7: General government fiscal position – EUR  
(Percent of GDP)

	1992	1993	1994	1995	1996
Current receipts	45.1	45.5	45.4	45.4	45.2
Expenditure	50.1	51.5	51.0	50.2	49.2
Actual deficit	-5.0	-6.0	-5.6	-4.7	-3.9
Cyclically-adjusted deficit <sup>1</sup>	-5.3	-5.0	-4.9	-4.4	-4.2
Gross debt	60.8	66.1	68.9	72.9	73.4

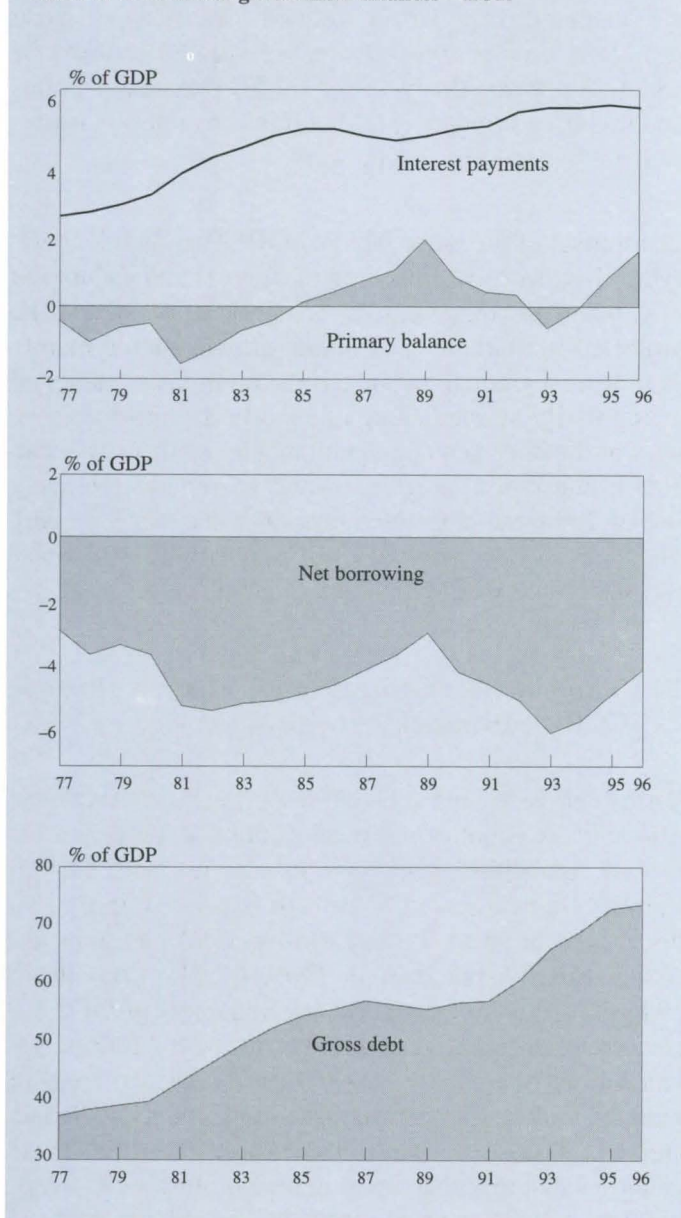
<sup>1</sup> As estimated by the Commission services.

For the Community as a whole, the projected fall in the budget deficit in 1994 and 1995 will not prevent an increase in the government debt-to-GDP ratio. The significant hike in this ratio in 1995 is to a large extent due to the take-over of unification related debt in Germany. However, for the Community as a whole the projected budget improvement in 1996 in conjunction with continued healthy growth may just be sufficient to achieve a stabilisation of the debt ratio at around 73½ per cent of GDP.<sup>1</sup>

<sup>1</sup> The Commission's forecasts were finalised before the adoption of the 1995 Greek budget. This budget proposal is in line with the profile for the reduction of the deficit announced in the convergence programme.

The gross debt-to-GDP ratio is projected to decline or stabilise in Belgium, Denmark, Ireland, Luxemburg and the Netherlands and – after 1995 – in Germany. On presently projected trends, the debt-to-GDP ratio will increase significantly over the forecasting period in Greece, France, Italy and Spain.

GRAPH 10 : General government finances – EUR



## 7. Consolidation of positive external balance for the Community

As anticipated in the Spring forecast, the Community's external balance is staging a further strong improvement in 1994, achieving a swing from a deficit of around 1.1 per cent of Community GDP in 1992 to a surplus of 0.3 per cent this year. This performance reflects the export-driven nature of the current upswing, offsetting the adverse impact of a marginal deterioration in the terms of trade and a strengthening of domestic demand. In 1995 and 1996 rising domestic demand in the Community will induce higher imports, but the pace of extra-EC exports

is sufficient to keep abreast of the higher import bill, due to even stronger growth of economic activity and trade in a number of other parts of the world, not least in non-OECD areas.

TABLE 8 : External balance – EUR (Percent of GDP)

	1992	1993	1994	1995	1996
Trade balance (fob/fob)	0.1	0.9	1.4	1.5	1.6
Services balance	0.3	0.3	0.3	0.2	0.2
Factor income and transfers	-1.2	-1.1	-1.3	-1.3	-1.3
Current account balance	-1.1	-0.1	0.3	0.5	0.6

## THE COMMUNITY'S EXTERNAL ENVIRONMENT

### 8. World output and trade: sustained dynamism

The outlook for *output* growth outside the Community is little changed from the Spring forecast. Following expected growth of 3 per cent this year, activity is projected to gradually quicken to close to 3½ per cent in 1996 (see table 9). This strengthening masks a slight moderation in output growth in the non-EC industrial countries to 2¾ per cent in 1995–96 against 3 per cent this year, reflecting expectations of a progressive slowdown in growth in North America. This is more than offset by a steady gain in growth momentum in the non-OECD countries, where output should expand by some 5 per cent in 1996.

TABLE 9 : International economic environment (Real annual percentage change)

	1992	1993	1994	1995	1996
<b>World output excl. EUR</b>	1.6	2.5	3.0	3.1	3.3
– USA	2.6	3.0	3.9	2.7	2.3
– Japan	1.3	0.1	0.7	2.2	2.7
– EFTA	-0.1	-0.7	2.6	3.1	3.1
– CCEE	-15.4	-8.8	-8.4	-3.2	0.4
– DAEs	6.0	6.3	7.3	7.1	7.1
<b>World imports excl. EUR<sup>1</sup></b>	7.9	9.4	9.9	8.2	7.9
– USA	10.3	11.9	12.8	8.0	6.5
– Japan	-1.5	6.4	11.0	5.5	7.0
– EFTA	-0.6	-0.6	8.0	6.1	5.8
– CCEE	-10.4	6.9	5.4	6.7	6.4
– DAEs	11.6	14.9	12.6	12.4	12.2
<b>Extra-EC export markets<sup>1</sup></b>	4.4	6.8	8.9	7.4	7.1
<b>Extra-EC exports<sup>1</sup></b>	5.0	8.0	10.5	7.5	7.0

<sup>1</sup> Goods only.

*Import* growth in the non-EC countries is projected to abate somewhat after the sharp pick-up during the last two years but to continue expanding at a buoyant rate of about 8 per cent (in volume terms) over the next two years – which is well above the average annual rate of expansion observed during the last two decades. Extra-EC export market growth (non-EC imports weighted with the shares in the Community's total exports to non-EC countries) accelerated from around 6¾ per cent in 1993

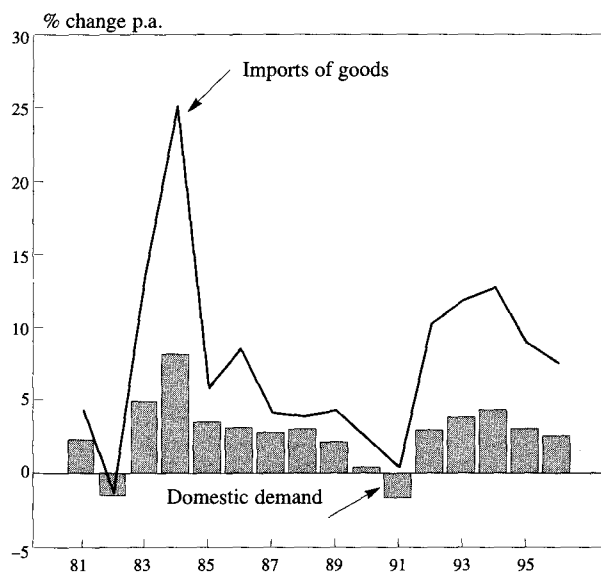


to an estimated 9 per cent this year, and is expected to decelerate but remain buoyant at about  $7\frac{1}{4}$  per cent in 1995-96. The strong impetus provided by foreign import demand is one of the outstanding features of the present upswing in the EC, clearly distinguishing it from the recovery of the early 1980s.

## 9. United States: soft landing projected for the US economy

In the *United States*, where the recovery is entering its fourth year, recent developments have broadly been in line with what was expected a few months ago. Following an unexpected strong finish to 1993, the economic expansion slowed down to some  $4\frac{1}{4}$  per cent (annual rate) in the first half of this year. Domestic demand including a very dynamic rate of business investment has remained the driving force of the expansion but exports have staged a considerable revival in recent months. While recent short-term indicators have conveyed signals of continuing strength, a gradual moderation of the

GRAPH 11 : US import growth and domestic demand



pace of economic activity – through a marked slowdown in domestic demand – to its potential rate is expected as economic policies are being tightened and classical cyclical forces will start to play a role. The forecast is for growth of close to 4 per cent this year, slowing down to  $2\frac{3}{4}$  per cent in 1995 (down by  $\frac{1}{4}$  per cent on the Spring projection) and  $2\frac{1}{4}$  per cent in 1996. Increasingly small margins of slack in both labour and product markets have engendered a progressive acceleration in price increases. Hence, inflation is projected to pick up steadily from around  $2\frac{1}{4}$  per cent this year to just above  $3\frac{1}{2}$  per cent in 1996.

## 10. Japan: Hesitant and moderate recovery

In Japan, which is coming out of its worst recession since the 1970s, a lacklustre, consumption-led – both private and public – recovery is taking place. Output growth is likely to remain below 1 per cent this year, accelerating to  $2\frac{1}{4}$  and  $2\frac{3}{4}$  per cent in 1995 and 1996 respectively. Policy action and yen appreciation essentially determine the shape of the growth outlook. Boosted by fiscal measures, private consumption is expected to grow by around 3 per cent this year (up by  $1\frac{1}{4}$  percentage points on the Spring forecast) while public consumption is projected to increase by  $2\frac{1}{2}$  per cent.

The impact of the latter factors on GDP growth is, however, offset by the quickening of imports and a slump in investment in equipment. Over the next two years, the projected strengthening of output growth should mainly stem from a gradual, cyclical rebound in investment and a progressive strengthening of exports, as the adverse effects of the huge yen appreciation fade, while private and public consumption are expected to remain relatively strong. Important negative factors in the outlook remain. They include a strong yen, a still heavily burdened financial sector and weak employment prospects.

## 11. Countries in Central and Eastern Europe (CCEE): Divergent growth outlook

Growth prospects in the CCEE's continue to diverge considerably. A slightly improved outlook is projected for the six associated countries in Central and Eastern Europe. On average, GDP growth is revised up by  $\frac{1}{2}$  a percentage point to  $2\frac{1}{2}$  per cent in 1994 and kept unchanged at  $2\frac{3}{4}$  per cent in 1995. CCEE's imports in 1995-96 are set to increase at an annual rate of some  $6\frac{1}{2}$  per cent. Conversely, in the countries of the former Soviet Union, the growth outlook is assessed to remain gloomy, with output continuing to fall steeply in Russia and the Ukraine. The 1995/96 projection for these countries assumes that the long period of economic contraction will be over towards the end of the forecast period.

TABLE 10 : Real GDP growth in CCEE  
(Annual percentage change)

	1992	1993	1994	1995	1996
Bulgaria	-5.8	-4.2	-1.3	0.1	1.4
Czech Republic	-7.1	-0.3	3.0	4.5	5.0
Hungary	-4.3	-2.3	1.0	0.0	2.0
Poland	1.5	4.0	4.0	4.0	4.0
Romania	-13.8	1.0	1.4	1.6	2.0
Slovakia	-7.0	-4.1	0.5	2.0	3.5
Former USSR	-18.6	-11.9	-12.2	-4.5	0.2
– Russia	-19.0	-12.0	-12.0	-7.0	-2.0
– Ukraine	-17.0	-14.2	-23.0	-9.0	-3.0
CCEE	-15.4	-8.8	-8.1	-2.2	1.2

## MAIN ASSUMPTIONS

*Oil prices* – Fears about supply constraints and increased demand resulted in oil prices (UK Brent) rising to just over \$19.0 per barrel in late July, but since then oil prices have been trading in a \$15.5 – \$16.5 range. In line with an assumed strengthening of world demand for oil and relative tightness in supply, a gently firming oil price trend is underlying the forecasts. This assumption results in a yearly average price for UK Brent of \$16.0/bbl in 1994, \$17.5/bbl in 1995 and \$18.2/bbl in 1996, that is about \$2/bbl up on the Spring 1994 forecasts.

*Non-oil commodity prices* – Having risen unexpectedly fast during the first half of this year, non-oil commodity prices are assumed to increase at a more moderate pace over the next two years, implying increases of 8, 6¼ and 3½ per cent in 1994–1996, respectively.

*Interest rates* – German short-term interest rates are assumed to remain broadly unchanged at their present levels through 1995 and to start to rise again in 1996 as the output gap closes. Short rates in the other Community countries and the acceding countries will generally move in parallel with those in Germany, while allowing for a gradual narrowing of differentials relative to the DM. The exception is the United Kingdom, where earlier monetary tightening leads to a widening of the differential with the DM in 1995. German long-term rates are set to drift down slightly in 1995, remaining unchanged in

1996. Long-term differentials with the DM are assumed to dwindle considerably in the other member countries. In the United States, further gradual increases in official rates through most of the forecasting period is assumed. In Japan, short-term interest rates are set to remain virtually unchanged through 1995 and to pick up gently as the recovery becomes more solid in 1996.

*Exchange rates* – The standard technical assumption applies of constant real exchange rates over the forecasting period between the ERM currencies, the US dollar, the yen, pound sterling, the Italian lira and the currencies of the acceding countries. Taking the third quarter of 1994 as the starting point, this results in an average USD/DM rate of 1.55 in 1995 and 1.53 in 1996. This assumption implies an additional nominal effective depreciation for the Community as a whole of about 2¼ per cent in 1994 and an effective appreciation of 1¼ per cent in 1995. Between ERM currencies, stability in nominal terms is assumed. The Greek drachma is assumed to appreciate by 1 per cent in real terms per year.

*Economic policy* – With respect to economic policy, the assumption made is the traditional one of 'no policy' change. As regards budgetary policy, this means that only well-defined policy actions as well as known practices in respect of their implementation are embodied.

22 November 1994

# DETAILED AUTUMN 1994 ECONOMIC FORECASTS

TABLE 1 : Gross domestic product, volume (percentage change at constant prices on preceding year, 1961-96)\*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	4,9	1,8	2,0	4,9	3,5	3,2	2,3	1,9	-1,7	2,2	2,7	3,1
DK	4,3	2,1	0,3	1,2	0,6	1,4	1,0	1,3	1,4	4,8	3,2	3,0
D	-	-	-	-	-	-	-	2,1	-1,2	2,5	3,0	3,4
WD	4,3	1,8	1,5	3,7	3,6	5,7	4,5	1,6	-1,9	2,0	2,5	3,0
GR	7,7	2,5	-0,5	4,4	3,5	-1,1	3,3	0,9	-0,5	0,4	1,1	1,7
E	7,2	1,9	5,6	5,2	4,7	3,6	2,2	0,8	-1,1	2,2	2,8	3,2
F	5,4	2,2	2,3	4,5	4,3	2,5	0,8	1,2	-1,0	2,2	3,2	3,2
IRL	4,4	3,5	5,7	4,3	7,4	8,6	2,9	5,0	4,0	6,0	5,6	5,3
I	5,3	2,8	3,1	4,1	2,9	2,1	1,2	0,7	-0,7	2,4	3,0	3,2
L	4,0	2,0	2,9	5,7	6,7	3,2	3,1	1,9	0,3	2,3	3,0	3,2
NL	4,8	1,9	1,2	2,6	4,7	4,1	2,3	1,3	0,3	2,3	3,2	3,3
P	6,9	2,3	5,3	3,9	5,2	4,4	2,1	1,1	-1,2	1,1	3,0	3,2
UK	3,2	1,6	4,8	5,0	2,2	0,4	-2,3	-0,5	2,0	3,8	2,7	2,8
EUR*	4,8	2,1	2,9	4,2	3,5	3,0	1,5	1,1	-0,4	2,6	2,9	3,2
AUT	4,9	2,2	1,7	4,1	3,8	4,2	2,7	1,6	-0,3	2,8	3,1	3,3
FIN	5,0	2,8	4,1	5,0	5,7	0,0	-7,1	-4,0	-2,6	3,7	5,0	5,1
NOR	4,3	4,2	2,0	-0,5	0,6	1,7	1,6	3,3	2,5	4,7	2,8	2,5
SWE	4,1	1,8	3,1	2,3	2,4	1,4	-1,1	-1,9	-2,1	2,2	2,7	2,7
USA	3,9	2,3	3,1	3,9	2,7	0,8	-1,1	2,6	3,0	3,9	2,7	2,3
JAP	9,6	3,6	4,1	6,2	4,7	4,8	4,0	1,3	0,1	0,7	2,2	2,7

TABLE 2 : Deflator of gross domestic product (percentage change on preceding year, 1961-96)\*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	4,1	6,5	2,3	1,8	4,8	3,1	2,7	3,4	4,4	1,8	2,6	2,7
DK	7,0	8,6	4,7	3,4	4,2	2,7	2,5	1,9	1,7	1,6	2,1	2,2
D	-	-	-	-	-	-	-	5,3	3,9	2,8	2,2	2,4
WD	4,4	4,0	1,9	1,5	2,4	3,1	3,9	4,4	3,3	2,4	1,9	2,2
GR	4,5	17,7	14,3	15,6	12,5	20,9	17,6	14,9	13,6	10,7	9,8	9,0
E	7,1	14,7	5,8	5,7	7,1	7,4	7,0	6,5	4,4	3,5	4,2	4,6
F	5,0	9,8	3,0	2,8	3,0	3,1	3,1	2,3	2,3	1,6	2,1	2,2
IRL	7,2	12,3	2,1	3,1	4,3	-1,7	1,1	1,3	3,6	2,9	2,5	2,5
I	5,5	15,5	6,0	6,6	6,2	7,6	7,7	4,5	4,4	3,4	3,3	3,5
L	4,4	6,4	-1,0	4,0	6,0	2,9	3,0	4,5	2,1	2,8	2,4	2,9
NL	6,0	5,1	-0,5	1,2	1,2	2,3	2,7	2,6	1,6	1,8	2,1	2,1
P	3,9	20,8	11,2	11,6	13,0	14,3	14,1	13,4	7,4	5,1	4,9	4,3
UK	5,1	11,7	5,0	6,1	7,1	6,4	6,5	4,4	3,4	2,1	2,7	3,0
EUR*	5,2	10,3	4,0	4,3	4,9	5,3	5,4	4,5	3,7	2,7	2,8	3,0
AUT	4,6	5,4	2,4	1,6	2,9	3,3	3,9	4,2	3,9	3,1	3,2	3,0
FIN	6,8	10,1	4,6	7,0	6,0	5,7	2,4	1,1	1,7	2,8	2,8	3,7
NOR	5,3	7,9	7,2	4,4	5,9	4,6	2,3	-1,1	2,0	-0,2	2,3	2,4
SWE	4,9	9,6	4,8	6,5	8,0	8,8	7,6	1,4	3,0	1,9	2,6	3,0
USA	3,6	6,7	3,1	3,9	4,4	4,2	3,9	2,9	2,0	2,2	2,9	3,2
JAP	6,0	5,0	0,0	0,4	1,9	2,2	2,1	1,8	1,4	1,4	0,4	1,3

TABLE 3 : Final domestic demand, volume (percentage change at constant prices on preceding year, 1961-96)\*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	4,8	1,3	3,8	4,4	4,8	3,3	2,1	2,1	-1,7	0,9	2,4	2,8
DK	4,6	1,6	-2,2	-1,2	0,5	-1,0	-0,5	-0,6	0,5	6,9	4,2	3,3
D	-	-	-	-	-	-	-	2,7	-1,4	2,1	2,6	3,1
WD	4,5	1,5	2,4	3,6	2,9	5,2	3,6	1,5	-2,6	1,1	1,8	2,4
GR	7,9	1,7	-1,0	6,6	4,1	1,6	3,0	1,6	0,3	0,6	1,4	1,8
E	7,6	1,5	8,1	7,0	7,8	4,7	2,8	1,1	-4,1	-0,1	3,0	4,2
F	5,6	2,0	3,3	4,7	3,9	2,8	0,6	0,2	-1,8	2,3	3,4	3,4
IRL	5,1	2,1	1,2	1,6	8,8	6,3	0,1	-1,2	0,2	6,2	4,8	4,0
I	5,3	2,5	4,3	4,7	2,9	2,8	1,8	1,0	-5,6	1,7	2,8	3,3
L	4,1	2,0	4,2	6,8	5,7	5,1	8,0	0,5	1,3	1,5	2,1	2,4
NL	4,9	1,6	1,4	1,8	4,6	3,5	1,8	1,2	-0,5	1,7	2,8	2,8
P	7,3	1,7	10,4	7,4	4,3	5,4	4,1	4,7	-0,8	-0,1	2,6	3,2
UK	3,2	1,5	5,3	7,9	2,9	-0,6	-3,3	0,4	2,1	2,9	2,3	2,5
EUR*	4,9	1,8	3,9	5,1	3,7	2,8	1,1	1,3	-1,8	2,0	2,8	3,1
AUT	4,7	2,0	2,6	4,2	3,2	4,1	3,1	1,7	0,6	3,6	3,1	3,2
FIN	5,0	2,4	5,1	6,4	7,1	-1,3	-8,9	-6,1	-7,2	1,3	5,7	6,2
NOR	4,5	3,7	-1,4	-3,1	-2,9	-0,9	-0,6	2,3	3,3	3,6	3,0	2,6
SWE	3,7	1,5	4,1	3,0	3,9	0,9	-2,1	-2,2	-5,0	1,2	1,4	2,0
USA	4,0	2,5	2,8	3,0	2,1	0,4	-1,7	2,9	3,8	4,5	2,6	2,0
JAP	9,8	2,9	5,1	7,6	5,8	5,0	2,7	0,6	0,4	1,6	2,6	2,9

\* Notes : see page 28.

TABLE 4 : Gross national product at current market price (percentage change on preceding year, 1961-96)\*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
<b>B</b>	9,2	8,2	4,6	6,8	8,8	6,0	5,7	5,1	3,6	3,8	5,3	5,8
<b>DK</b>	11,6	10,6	5,2	4,8	4,6	3,9	3,6	3,6	3,8	7,1	5,9	5,7
<b>D</b>	—	—	—	—	—	—	—	7,0	2,1	4,8	5,1	5,8
<b>WD</b>	8,9	5,9	3,5	5,2	6,7	8,9	8,4	5,5	0,8	3,9	4,4	5,2
<b>GR</b>	12,5	20,2	14,0	21,0	18,8	20,5	22,2	15,1	14,0	11,2	11,0	10,8
<b>E</b>	14,8	16,9	11,9	10,9	12,4	11,2	9,2	7,0	3,0	5,0	7,0	8,1
<b>F</b>	10,7	12,2	5,4	7,5	7,4	5,3	3,8	3,1	1,5	4,1	5,5	5,5
<b>IRL</b>	11,7	15,1	8,3	5,4	10,8	8,1	5,7	5,4	7,0	8,5	7,5	7,3
<b>I</b>	11,0	18,6	9,4	11,0	9,1	9,6	8,7	4,9	3,8	6,2	6,8	7,1
<b>L</b>	9,0	10,8	-0,3	10,2	12,7	8,1	5,8	6,7	2,3	4,6	4,8	5,3
<b>NL</b>	11,1	7,1	0,6	3,3	6,7	6,4	5,0	3,6	2,3	4,2	5,4	5,5
<b>P</b>	11,2	23,2	18,2	16,5	19,5	20,6	16,5	14,6	5,4	6,1	8,0	7,5
<b>UK</b>	8,5	13,4	9,5	11,1	9,4	6,4	4,0	5,0	5,4	6,4	5,4	5,8
<b>EUR*</b>	10,1	10,4	5,4	8,5	8,9	7,4	6,7	4,5	1,0	4,6	5,3	6,0
<b>AUT</b>	9,7	7,7	4,1	5,7	6,8	7,8	6,4	6,2	3,6	6,0	6,4	6,3
<b>FIN</b>	12,0	13,1	9,0	12,4	11,3	5,3	-5,9	-4,4	-0,9	6,5	7,9	9,0
<b>NOR</b>	9,8	12,4	9,4	3,2	5,9	6,6	4,0	1,5	4,6	4,4	5,2	4,9
<b>SWE</b>	9,2	11,3	8,4	8,6	10,2	9,7	6,5	-0,9	0,8	4,2	5,5	5,8
<b>USA</b>	7,7	9,1	6,2	8,0	7,4	5,1	2,6	5,4	5,0	6,1	5,6	5,5
<b>JAP</b>	16,2	8,8	4,4	6,6	6,8	7,1	6,2	3,3	1,6	2,0	2,6	4,1

TABLE 5 : Investment in construction, volume (percentage change on preceding year, 1974-96)\*

	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
<b>B</b>	-2,3	3,0	14,9	8,2	8,6	2,8	6,5	-3,8	1,4	2,6	2,6
<b>DK</b>	-1,9	1,1	-5,5	-6,1	-5,6	-12,9	0,2	-6,8	6,2	1,1	4,4
<b>D</b>	—	—	—	—	—	—	9,5	2,8	8,0	6,6	6,1
<b>WD</b>	-1,1	0,0	3,1	4,4	4,9	3,6	5,5	-0,8	4,0	2,5	2,9
<b>GR</b>	-3,0	-5,0	9,2	3,9	5,0	-4,1	-4,2	-5,7	-0,7	2,2	3,0
<b>E</b>	-0,7	9,9	12,4	15,3	10,7	4,3	-4,8	-6,6	0,1	5,3	7,7
<b>F</b>	-0,4	3,2	7,9	5,4	2,4	1,2	1,0	-3,9	0,6	2,7	3,1
<b>IRL</b>	0,2	-6,8	-4,2	9,7	20,5	0,6	0,6	-3,4	7,8	7,0	7,0
<b>I</b>	-1,1	-0,7	2,3	3,6	3,5	1,4	-2,1	-6,2	-3,2	2,2	4,5
<b>L</b>	-2,4	8,7	12,5	13,8	7,2	9,0	10,4	4,6	-1,3	1,9	3,0
<b>NL</b>	-1,2	2,0	9,5	2,3	-0,0	-0,0	1,9	-3,2	2,0	3,6	3,9
<b>P</b>	—	9,4	10,1	3,5	5,3	16,5	3,5	-1,0	-0,2	5,8	6,4
<b>UK</b>	-0,3	11,0	13,4	5,4	-0,6	-8,3	0,8	-0,6	3,8	5,5	5,5
<b>EUR*<sup>1</sup></b>	-0,9	3,2	7,1	5,7	3,7	0,7	2,2	-2,1	2,8	4,6	5,2
<b>AUT</b>	—	—	—	—	—	—	—	7,2	4,5	4,6	4,0
<b>FIN</b>	—	—	—	—	—	—	—	-18,4	-3,5	9,8	15,0
<b>NOR</b>	—	—	—	—	—	—	—	-3,0	2,8	1,1	7,8
<b>SWE</b>	—	—	—	—	—	—	—	-17,3	-10,3	3,4	2,6

<sup>1</sup> EUR without Portugal up to 1986.

TABLE 6 : Investment in equipment, volume (percentage change on preceding year, 1974-96)\*

	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
<b>B</b>	2,6	7,1	16,1	18,0	9,5	-5,4	-5,9	-8,5	-0,6	7,0	8,0
<b>DK</b>	4,5	-8,9	-8,6	9,7	1,9	2,9	-15,4	3,1	7,2	9,2	7,4
<b>D</b>	—	—	—	—	—	—	-1,9	-13,8	0,8	7,5	7,1
<b>WD</b>	1,7	4,5	6,3	8,8	13,2	9,1	-3,9	-17,6	-1,1	7,1	6,7
<b>GR</b>	-0,4	-5,2	8,4	18,2	14,5	-4,7	7,0	1,6	2,9	3,5	3,7
<b>E</b>	0,4	23,2	17,6	11,8	2,2	-2,5	-2,7	-17,0	-2,5	5,9	8,4
<b>F</b>	1,2	6,7	10,5	8,0	4,6	-4,7	-4,4	-6,6	1,0	8,7	10,2
<b>IRL</b>	1,4	2,5	1,0	17,2	6,0	-17,1	-4,9	3,2	10,0	9,5	8,5
<b>I</b>	3,1	11,5	11,6	4,9	4,1	-0,1	-1,9	-15,6	4,8	8,3	8,8
<b>L</b>	2,4	18,7	16,0	4,4	-6,0	11,2	-12,1	6,0	2,2	0,0	3,5
<b>NL</b>	2,9	0,4	-2,5	7,9	3,7	0,6	0,4	-1,1	-0,3	8,7	6,5
<b>P</b>	—	26,8	23,2	10,0	5,8	16,5	5,6	-9,2	-1,2	4,5	6,5
<b>UK</b>	1,9	8,7	13,0	11,6	-3,6	-11,5	-3,5	1,6	4,0	4,7	5,5
<b>EUR*<sup>1</sup></b>	1,5	8,2	10,1	9,0	4,9	-0,7	-2,6	-9,5	1,8	7,2	7,8
<b>AUT</b>	—	—	—	—	—	—	—	-6,1	8,3	8,9	6,3
<b>FIN</b>	—	—	—	—	—	—	—	-20,3	16,8	22,6	28,6
<b>NOR</b>	—	—	—	—	—	—	—	36,3	-28,6	7,2	2,1
<b>SWE</b>	—	—	—	—	—	—	—	-14,9	20,3	13,9	8,7

<sup>1</sup> EUR without Portugal up to 1986.

\* Notes : see page 28.

TABLE 7 : **Total investment, volume** (percentage change on preceding year, 1961-96)\*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
<b>B</b>	5,1	-0,3	5,6	15,4	12,3	10,2	-1,4	0,1	-5,9	0,5	4,6	5,0
<b>DK</b>	6,5	0,4	-3,8	-6,6	1,0	-1,7	-5,4	-8,2	-1,9	6,7	5,3	6,0
<b>D</b>	-	-	-	-	-	-	-	4,2	-3,3	5,1	6,9	6,5
<b>WD</b>	3,9	-0,1	1,8	4,4	6,3	8,5	6,1	1,1	-6,9	2,0	4,3	4,4
<b>GR</b>	10,0	-2,0	-5,1	8,9	10,1	9,4	-4,4	1,2	-2,7	0,8	2,7	3,3
<b>E</b>	10,4	-0,4	14,0	13,9	13,6	7,1	1,7	-3,9	-10,5	-0,8	5,5	7,9
<b>F</b>	7,7	0,1	4,8	9,6	7,9	2,8	-0,7	-2,5	-5,1	0,8	5,3	6,2
<b>IRL</b>	9,9	0,6	-2,3	-1,6	13,5	12,8	-8,2	-1,9	-0,5	8,8	8,1	7,7
<b>I</b>	4,7	0,7	5,0	6,9	4,3	3,8	0,6	-2,0	-11,1	0,7	5,3	6,8
<b>L</b>	4,9	-0,5	14,7	14,1	8,9	2,5	9,8	-2,1	4,0	0,2	1,1	3,2
<b>NL</b>	5,3	0,3	0,9	4,5	4,9	1,6	0,2	1,1	-2,2	1,0	5,9	5,1
<b>P</b>	7,9	-0,4	15,1	15,0	5,6	5,9	2,4	5,4	-5,6	-0,7	5,1	6,5
<b>UK</b>	4,6	0,8	10,2	13,5	5,5	-3,4	-9,8	-1,1	0,3	3,9	5,2	5,5
<b>EUR*</b>	5,7	0,2	5,5	8,7	6,9	3,8	-0,2	-0,2	-5,2	2,4	5,7	6,3
<b>AUT</b>	6,5	0,8	3,1	6,0	6,2	5,7	5,1	2,7	-2,0	6,1	6,4	5,0
<b>FIN</b>	4,8	1,0	5,1	9,5	14,3	-4,1	-20,5	-17,2	-18,2	3,0	14,4	20,3
<b>NOR</b>	5,8	3,0	-2,1	1,6	-3,9	-26,8	1,7	3,5	17,6	-14,3	3,9	5,1
<b>SWE</b>	4,4	0,7	7,9	6,0	11,7	0,7	-8,4	-11,0	-16,2	3,8	9,0	6,0
<b>USA</b>	4,7	2,0	1,0	3,7	1,4	-1,8	-6,7	6,2	8,8	10,9	7,5	4,6
<b>JAP</b>	14,0	1,9	9,6	11,9	9,3	8,8	3,0	-1,0	-1,1	-1,3	2,7	2,9

TABLE 8 : **Private consumption, volume** (percentage change on preceding year, 1961-96)\*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
<b>B</b>	4,3	1,8	3,0	2,8	3,8	2,7	3,2	2,6	-1,0	0,8	2,0	2,6
<b>DK</b>	3,8	1,8	-1,5	-1,0	-0,4	0,0	1,4	0,7	2,7	6,5	4,1	3,6
<b>D</b>	-	-	-	-	-	-	-	2,8	-0,1	0,9	1,3	2,1
<b>WD</b>	5,1	2,2	3,3	3,1	1,9	5,1	4,6	2,0	-0,3	0,6	1,1	2,0
<b>GR</b>	6,7	2,8	1,2	3,6	4,5	2,3	2,2	1,7	0,2	0,6	1,2	1,6
<b>E</b>	7,2	1,7	5,8	4,9	5,7	3,6	2,9	2,1	-2,0	0,4	2,7	3,6
<b>F</b>	5,3	2,6	2,9	3,3	3,1	2,7	1,4	1,3	0,7	1,7	2,5	2,6
<b>IRL</b>	3,8	2,3	5,0	4,4	7,9	1,3	2,6	2,9	1,2	4,4	4,8	3,7
<b>I</b>	6,0	3,2	4,5	4,6	3,6	2,9	2,6	1,7	-3,0	1,5	2,1	2,5
<b>L</b>	4,6	2,7	5,0	3,9	3,9	4,0	6,5	1,7	0,2	1,7	2,3	2,4
<b>NL</b>	5,6	2,1	2,7	0,8	3,5	4,2	3,1	2,6	0,7	1,6	2,0	2,3
<b>P</b>	6,0	1,7	5,4	6,6	3,3	5,3	5,2	3,7	0,4	0,0	1,9	2,3
<b>UK</b>	3,0	2,0	5,3	7,5	3,2	0,6	-2,2	0,0	2,6	2,5	1,9	2,0
<b>EUR*</b>	5,0	2,3	3,9	4,3	3,2	3,0	2,0	1,7	-0,1	1,5	2,0	2,5
<b>AUT</b>	4,6	2,4	3,1	3,6	3,5	3,6	2,9	1,8	0,8	2,1	2,4	2,9
<b>FIN</b>	5,2	2,5	5,0	4,9	4,0	-0,1	-3,4	-5,2	-4,7	0,0	5,2	4,5
<b>NOR</b>	3,7	3,7	-1,0	-2,8	-2,8	2,8	-0,0	4,6	1,7	4,5	3,0	1,5
<b>SWE</b>	3,3	1,3	4,8	2,6	1,4	-0,1	1,1	-1,9	-3,8	0,5	0,0	1,5
<b>USA</b>	4,2	2,8	2,9	3,8	2,1	1,1	-0,6	2,6	3,5	3,4	2,6	1,7
<b>JAP</b>	8,7	3,3	4,2	5,2	4,3	3,9	2,2	1,7	1,2	3,1	2,5	2,9

TABLE 9 : **Public consumption, volume** (percentage change on preceding year, 1961-96)\*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
<b>B</b>	5,5	2,1	0,3	-0,9	0,3	0,3	2,4	0,4	1,9	0,7	0,6	0,5
<b>DK</b>	5,8	2,8	2,5	0,9	-0,6	-0,4	0,0	1,4	3,9	1,1	0,6	0,6
<b>D</b>	-	-	-	-	-	-	-	2,3	-0,0	0,1	0,8	1,4
<b>WD</b>	3,8	1,6	1,2	0,1	0,4	1,0	-2,7	2,1	-0,7	-0,1	0,7	1,5
<b>GR</b>	6,2	4,7	0,9	5,7	2,8	1,3	3,6	-0,0	0,9	0,5	0,5	0,5
<b>E</b>	4,5	4,8	8,9	4,0	8,3	5,6	5,4	3,8	2,3	0,2	0,5	0,7
<b>F</b>	4,0	2,8	2,8	3,4	0,5	2,1	2,6	3,0	0,5	1,4	1,3	1,4
<b>IRL</b>	5,2	3,6	-4,8	-5,0	-0,9	5,8	2,7	2,4	1,1	5,5	-0,4	2,5
<b>I</b>	4,0	2,7	3,5	2,8	0,8	1,2	1,5	0,9	0,8	0,1	0,3	0,3
<b>L</b>	3,4	2,5	2,7	3,8	1,9	3,2	3,8	3,5	2,2	0,9	1,1	1,3
<b>NL</b>	2,8	2,2	2,6	1,4	1,5	1,6	1,5	1,3	0,1	0,3	0,2	0,3
<b>P</b>	9,1	6,8	4,9	5,3	2,8	1,5	3,0	1,4	0,0	0,2	0,7	0,5
<b>UK</b>	2,5	1,4	1,0	0,7	1,4	2,5	2,5	0,2	0,6	1,2	1,0	1,0
<b>EUR*</b>	3,7	2,4	2,5	1,9	1,4	2,0	1,6	1,7	0,7	0,7	0,8	1,0
<b>AUT</b>	3,2	2,8	0,4	0,3	0,8	1,2	3,1	2,4	2,0	2,5	1,9	1,9
<b>FIN</b>	5,4	4,3	4,2	2,3	2,4	3,9	2,1	-0,4	-5,8	-3,6	-1,5	0,2
<b>NOR</b>	5,9	4,6	4,0	0,5	2,6	2,1	2,6	1,8	2,2	3,2	0,3	2,1
<b>SWE</b>	4,9	2,7	1,1	0,7	2,1	2,6	3,2	-0,6	-0,8	-0,4	-0,4	-0,3
<b>USA</b>	2,5	2,5	3,9	1,4	-0,2	1,5	2,0	-0,1	-1,8	-1,6	-1,0	0,0
<b>JAP</b>	5,8	3,9	0,4	2,1	2,0	1,9	1,7	2,4	3,0	2,5	2,5	2,5

\* Notes : see page 28.



TABLE 10 : Price deflator of private consumption (percentage change on preceding year, 1961-96)\*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	3,7	6,9	1,9	1,6	3,6	3,7	2,5	2,1	2,6	2,6	2,5	2,6
DK	6,6	9,1	4,6	4,0	4,3	2,7	2,2	2,1	1,7	1,8	2,1	2,4
D	-	-	-	-	-	-	-	4,8	3,9	2,8	2,2	2,4
WD	3,5	4,0	0,7	1,4	3,0	2,8	3,8	4,0	3,3	2,7	2,0	2,2
GR	3,5	17,8	15,7	14,2	14,7	19,2	18,5	14,6	13,6	10,8	9,5	9,0
E	6,6	15,0	5,7	5,0	6,6	6,5	6,3	6,4	5,6	4,9	4,5	4,4
F	4,8	9,9	3,2	2,7	3,4	2,9	3,2	2,4	2,1	1,7	1,9	2,1
IRL	6,3	12,9	2,3	2,9	3,2	1,4	2,5	2,8	1,6	2,8	2,7	2,7
I	4,9	15,2	5,3	5,7	6,5	5,9	6,9	5,2	5,1	4,0	3,5	3,5
L	3,0	6,9	1,7	2,7	3,6	3,6	2,9	2,8	3,6	2,3	2,5	2,7
NL	5,0	5,3	0,2	0,5	1,2	2,2	3,2	3,0	2,1	2,3	2,4	2,5
P	3,9	21,5	10,0	10,0	12,1	12,6	11,1	9,8	7,9	5,5	4,6	4,4
UK	4,8	11,3	4,3	5,0	5,9	5,5	7,4	4,8	3,5	2,5	2,9	3,3
EUR*	4,7	10,3	3,6	3,8	4,9	4,6	5,4	4,6	3,9	3,1	2,9	3,1
AUT	4,1	5,6	1,0	1,4	2,7	3,1	3,5	3,8	3,6	2,9	2,5	3,1
FIN	5,7	10,3	3,8	4,8	5,1	5,9	5,6	4,3	3,8	1,5	2,2	2,7
NOR	4,9	8,8	7,9	6,2	4,3	4,8	4,1	-0,2	1,8	1,4	1,3	1,6
SWE	4,8	9,9	5,3	5,9	6,8	9,6	10,2	2,6	6,2	3,2	3,5	3,1
USA	3,1	6,7	4,1	4,1	4,8	5,0	4,1	3,4	2,2	2,3	3,2	3,6
JAP	6,1	5,9	0,2	-0,1	1,8	2,6	2,5	2,0	1,1	0,6	0,6	1,2

TABLE 11 : Compensation of employees per head (percentage change on preceding year, 1961-96)\*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	9,0	9,0	2,0	2,5	3,1	7,1	8,1	5,9	4,2	3,2	2,8	3,3
DK	10,7	9,7	7,9	5,0	3,8	4,6	4,7	2,8	1,9	2,6	2,7	3,0
D	-	-	-	-	-	-	-	10,0	4,6	3,2	3,0	3,4
WD	9,1	5,6	3,2	3,0	2,9	4,7	5,8	5,4	3,2	2,5	2,6	3,2
GR	10,1	20,9	11,5	18,6	18,1	17,4	16,1	11,2	9,4	12,5	10,1	10,5
E	14,6	17,3	6,7	7,1	6,4	8,6	8,2	8,5	7,2	4,0	3,9	4,2
F	9,9	12,2	3,6	4,2	4,3	5,0	4,5	4,3	2,5	2,4	2,8	3,0
IRL	11,3	15,8	5,4	6,7	6,9	5,1	4,5	6,4	5,9	3,5	3,0	4,0
I	11,5	17,4	8,2	8,7	8,7	10,7	8,5	5,7	3,7	3,8	4,4	4,3
L	7,4	8,8	4,9	3,2	6,7	6,9	4,0	5,9	4,9	4,2	4,2	4,6
NL	11,4	6,3	1,4	0,9	0,7	3,2	4,5	4,8	3,3	2,0	1,8	2,4
P	10,9	23,9	17,9	13,4	12,8	18,7	17,2	15,9	7,4	5,3	5,9	4,8
UK	8,3	13,4	7,3	7,9	9,0	9,0	8,1	5,9	4,2	4,1	4,6	5,0
EUR*	9,9	12,0	5,4	5,6	5,8	7,2	7,0	7,0	4,2	3,4	3,6	3,9
AUT	9,6	7,7	4,0	3,2	4,5	5,1	6,4	4,5	4,5	3,0	3,8	4,3
FIN	11,2	12,9	8,1	9,9	10,9	9,9	6,1	1,7	1,0	2,5	2,5	3,5
NOR	9,3	9,8	9,9	6,6	3,7	4,5	4,8	3,8	3,0	3,0	2,8	2,8
SWE	8,4	10,6	7,4	7,8	11,0	11,8	7,2	2,8	4,1	4,4	3,3	4,0
USA	5,7	7,2	3,3	5,2	4,0	4,8	4,5	5,1	3,1	3,8	3,6	3,4
JAP	14,2	7,9	3,2	3,6	4,6	5,3	4,5	1,8	-0,5	0,6	1,0	1,6

TABLE 12 : Real compensation of employees per head<sup>1</sup> (percentage change on preceding year, 1961-96)\*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	5,1	2,0	0,1	0,9	-0,5	3,3	5,4	3,7	1,6	0,6	0,3	0,7
DK	3,8	0,5	3,1	1,0	-0,5	1,8	2,5	0,6	0,2	0,8	0,6	0,6
D	-	-	-	-	-	-	-	4,9	0,7	0,3	0,8	1,0
WD	5,4	1,6	2,5	1,6	-0,1	1,9	2,0	1,3	-0,1	-0,2	0,6	0,9
GR	6,4	2,6	-3,6	3,8	3,0	-1,5	-2,1	-3,0	-3,7	1,5	0,5	1,3
E	7,5	2,0	0,9	2,0	-0,2	2,0	1,8	1,9	1,5	-0,9	-0,6	-0,2
F	4,9	2,1	0,4	1,5	0,8	2,1	1,3	1,9	0,4	0,7	0,9	0,9
IRL	4,7	2,5	3,1	3,7	3,5	3,6	2,0	3,4	4,2	0,7	0,3	1,3
I	6,3	1,9	2,8	2,8	2,1	4,6	1,5	0,4	-1,3	-0,2	0,9	0,8
L	4,2	1,7	3,1	0,5	3,0	3,2	1,0	3,0	1,3	1,8	1,6	1,9
NL	6,0	1,0	1,2	0,3	-0,5	1,0	1,2	1,7	1,2	-0,3	-0,7	-0,0
P	6,7	2,0	7,2	3,1	0,6	5,4	5,5	5,6	-0,4	-0,2	1,3	0,4
UK	3,3	1,9	2,8	2,7	2,9	3,3	0,7	1,0	0,7	1,5	1,7	1,6
EUR*	5,0	1,6	1,7	1,8	0,8	2,5	1,5	2,3	0,3	0,3	0,7	0,8
AUT	5,3	2,0	3,0	1,7	1,8	1,9	2,8	0,7	0,9	0,1	1,3	1,2
FIN	5,2	2,3	4,2	4,8	5,5	3,7	0,4	-2,5	-2,7	1,0	0,3	0,8
NOR	4,2	0,9	1,8	0,4	-0,6	-0,3	0,6	4,0	1,2	1,6	1,5	1,2
SWE	3,5	0,7	2,0	1,8	3,9	2,0	-2,7	0,2	-2,0	1,1	-0,2	0,9
USA	2,5	0,5	-0,8	1,1	-0,7	-0,2	0,3	1,7	0,9	1,4	0,4	-0,2
JAP	7,6	1,9	3,0	3,7	2,7	2,6	1,9	-0,2	-1,6	0,0	0,4	0,4

<sup>1</sup> Deflated by the price deflator of private consumption.

TABLE 13 : Real GDP per occupied person (percentage change on preceding year, 1961-96)\*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
<b>B</b>	4,3	2,0	1,5	3,4	1,8	1,8	2,1	2,3	-0,3	2,6	2,0	2,1
<b>DK</b>	3,2	1,4	-0,6	1,8	1,1	2,5	2,8	1,4	2,0	4,7	1,5	1,4
<b>D</b>	-	-	-	-	-	-	-	3,8	0,7	3,5	2,5	2,5
<b>WD</b>	4,0	1,8	0,7	2,9	2,1	2,7	1,9	0,7	-0,3	3,2	2,2	2,2
<b>GR</b>	8,1	1,5	-0,4	2,7	3,2	-2,3	5,7	-0,5	-1,5	0,7	0,9	1,3
<b>E</b>	6,5	3,1	1,1	1,7	1,3	0,1	1,7	2,0	3,3	2,9	1,2	1,2
<b>F</b>	4,7	2,1	1,9	3,6	2,9	1,5	0,7	2,0	0,2	2,4	2,4	2,2
<b>IRL</b>	4,3	3,3	4,8	4,3	7,7	4,1	2,9	4,5	3,3	3,4	2,6	2,2
<b>I</b>	5,5	1,9	2,7	3,1	2,8	1,2	0,4	1,8	2,2	4,0	2,2	2,1
<b>L</b>	3,0	1,3	0,1	2,6	2,9	-1,1	-1,0	0,0	-1,4	0,6	1,0	1,2
<b>NL</b>	3,9	1,9	-0,5	1,0	2,7	1,7	0,9	0,4	0,5	2,2	1,9	1,5
<b>P</b>	6,6	3,0	4,7	3,9	4,1	3,5	1,2	1,7	0,8	1,5	2,9	2,7
<b>UK</b>	2,9	1,8	3,0	1,7	-0,4	-0,7	0,8	1,8	3,1	3,8	1,9	1,7
<b>EUR*</b>	4,4	2,0	1,7	2,7	1,9	1,2	1,4	2,3	1,4	3,2	2,2	2,1
<b>AUT</b>	5,0	1,3	1,1	3,7	2,9	2,1	0,6	-0,4	-0,8	2,2	2,1	1,5
<b>FIN</b>	4,5	2,6	3,9	4,7	5,2	1,0	-1,8	3,3	-1,8	4,5	2,1	1,5
<b>NOR</b>	3,5	2,5	-0,1	0,2	3,0	2,5	2,4	3,6	1,2	3,3	1,7	1,4
<b>SWE</b>	3,5	1,1	2,6	1,1	0,7	0,9	0,6	2,3	-1,2	3,1	1,4	1,1
<b>USA</b>	1,9	0,5	-0,4	1,1	0,8	-0,4	-0,1	2,4	1,5	1,1	0,8	1,1
<b>JAP</b>	8,1	2,9	3,2	4,5	2,7	2,6	2,0	0,2	0,0	0,3	1,1	1,1

TABLE 14 : Unit labour costs, whole economy<sup>1</sup> (percentage change on preceding year, 1961-96)\*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
<b>B</b>	4,5	6,5	0,4	-0,8	1,2	5,2	5,8	3,5	4,6	0,6	0,8	1,3
<b>DK</b>	7,3	7,8	8,5	3,2	2,6	2,1	1,9	1,3	-0,1	-1,6	1,0	1,8
<b>D</b>	-	-	-	-	-	-	-	5,9	3,9	-0,3	0,5	0,9
<b>WD</b>	4,9	3,4	2,4	0,1	0,7	2,0	3,9	4,7	3,5	-0,6	0,4	1,0
<b>GR</b>	1,8	18,8	12,0	15,4	14,5	20,2	9,8	11,8	11,1	11,3	9,3	9,5
<b>E</b>	7,7	13,1	5,5	5,3	5,1	8,6	6,4	6,4	3,8	1,1	2,7	2,9
<b>F</b>	4,9	9,5	1,6	0,6	1,4	3,5	3,7	2,2	2,3	-0,0	0,4	0,8
<b>IRL</b>	6,8	11,3	0,6	2,3	-0,7	1,0	1,5	1,8	2,5	0,2	0,4	1,8
<b>I</b>	5,6	14,8	5,3	5,4	5,7	9,4	8,1	3,8	1,5	-0,2	2,1	2,2
<b>L</b>	4,3	7,1	4,7	0,6	3,7	8,1	5,0	5,9	6,4	3,5	3,2	3,4
<b>NL</b>	7,1	4,0	2,0	-0,1	-1,9	1,5	3,5	4,4	2,8	-0,3	-0,2	0,9
<b>P</b>	4,0	19,7	12,6	9,1	8,3	14,7	15,8	14,0	6,6	3,8	3,0	2,0
<b>UK</b>	5,2	11,0	4,2	6,1	9,4	9,8	7,2	4,0	1,1	0,2	2,7	3,2
<b>EUR*</b>	5,2	9,3	3,6	2,9	3,8	6,0	5,5	4,6	2,7	0,2	1,4	1,8
<b>AUT</b>	4,5	6,1	2,9	-0,5	1,6	2,9	5,7	5,0	5,3	0,7	1,7	2,7
<b>FIN</b>	6,4	9,5	4,0	5,0	5,4	8,8	8,0	-1,6	2,9	-1,9	0,4	2,0
<b>NOR</b>	5,6	6,6	10,0	6,3	0,7	1,9	2,3	0,2	1,8	-0,3	1,1	1,3
<b>SWE</b>	4,7	9,3	4,7	6,6	10,2	10,8	6,5	0,5	5,4	1,2	1,9	2,8
<b>USA</b>	3,6	6,5	3,8	4,1	3,2	5,3	4,6	2,7	1,5	2,6	2,8	2,3
<b>JAP</b>	5,6	4,4	-0,1	-0,8	1,8	2,6	2,5	1,5	-0,5	0,4	-0,2	0,4

<sup>1</sup> Compensation of employees per head divided by labour productivity per head, defined as GDP in volume divided by total employment.

TABLE 15 : Real unit labour costs<sup>1</sup> (percentage change on preceding year, 1961-96)\*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
<b>B</b>	0,4	0,4	-1,8	-2,6	-3,4	2,0	3,1	0,1	0,2	-1,2	-1,7	-1,4
<b>DK</b>	0,2	-0,5	3,6	-0,2	-1,5	-0,6	-0,6	-0,6	-1,8	-3,1	-1,1	-0,4
<b>D</b>	-	-	-	-	-	-	-	0,6	-0,0	-3,0	-1,7	-1,5
<b>WD</b>	0,5	-0,3	0,5	-1,4	-1,7	-1,1	-0,0	0,2	0,2	-2,9	-1,5	-1,2
<b>GR</b>	-2,5	1,2	-2,0	-0,1	1,8	-0,5	-6,6	-2,7	-2,2	0,6	-0,4	0,4
<b>E</b>	0,6	-0,9	-0,3	-0,3	-1,8	1,1	-0,6	-0,1	-0,6	-2,4	-1,5	-1,6
<b>F</b>	-0,1	0,1	-1,3	-2,2	-1,6	0,4	0,6	-0,0	-0,0	-1,6	-1,8	-1,4
<b>IRL</b>	-0,4	-0,2	-1,5	-0,8	-4,9	2,7	0,4	0,5	-1,0	-2,7	-2,0	-0,7
<b>I</b>	0,1	-0,2	-0,6	-1,2	-0,4	1,6	0,4	-0,6	-2,8	-3,5	-1,2	-1,3
<b>L</b>	-0,2	0,9	5,8	-3,3	-2,1	5,0	2,0	1,3	4,2	0,7	0,7	0,5
<b>NL</b>	1,0	-0,8	2,5	-1,3	-3,1	-0,8	0,8	1,8	1,2	-2,0	-2,2	-1,1
<b>P</b>	0,1	-0,3	1,3	-2,2	-4,1	0,4	1,5	0,5	-0,8	-1,2	-1,8	-2,2
<b>UK</b>	0,1	-0,3	-0,7	-0,0	2,1	3,2	0,7	-0,4	-2,3	-1,8	-0,0	0,2
<b>EUR*</b>	0,1	-0,5	-0,5	-1,4	-1,1	0,7	0,1	0,0	-1,0	-2,4	-1,4	-1,2
<b>AUT</b>	-0,2	0,9	0,4	-2,1	-1,2	-0,4	1,7	0,8	1,4	-2,3	-1,5	-0,3
<b>FIN</b>	-0,4	-0,1	-0,6	-1,8	-0,6	2,9	5,4	-2,7	1,1	-4,6	-2,3	-1,6
<b>NOR</b>	0,3	-0,7	2,6	1,8	-4,9	-2,5	-0,0	1,3	-0,2	-0,1	-1,2	-1,0
<b>SWE</b>	-0,2	-0,1	-0,1	0,1	2,0	1,8	-1,1	-0,9	2,3	-0,7	-0,7	-0,2
<b>USA</b>	-0,0	-0,0	0,6	0,2	-1,1	1,1	0,7	-0,2	-0,5	0,4	-0,1	-0,9
<b>JAP</b>	-0,4	-0,1	-0,1	-1,2	-0,0	0,3	0,4	-0,3	-1,9	-1,0	-0,5	-0,8

<sup>1</sup> Nominal unit labour costs divided by GDP price deflator.

TABLE 16 : **Total employment** (percentage change on preceding year, 1961-96)\*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
<b>B</b>	0,6	-0,2	0,5	1,5	1,6	1,4	0,1	-0,4	-1,4	-0,4	0,7	1,0
<b>DK</b>	1,1	0,7	0,9	-0,6	-0,6	-1,0	-1,8	-0,1	-0,6	0,1	1,7	1,6
<b>D</b>	-	-	-	-	-	-	-	-1,7	-1,9	-0,9	0,5	0,8
<b>WD</b>	0,3	-0,1	0,7	0,8	1,5	3,0	2,6	0,9	-1,6	-1,2	0,4	0,8
<b>GR</b>	-0,5	0,9	-0,1	1,7	0,4	1,3	-2,3	1,5	1,0	-0,3	0,2	0,4
<b>E</b>	0,7	-1,2	4,5	3,4	3,4	3,5	0,5	-1,2	-4,3	-0,6	1,6	1,9
<b>F</b>	0,7	0,1	0,3	0,9	1,3	1,0	0,1	-0,8	-1,1	-0,2	0,7	0,9
<b>IRL</b>	0,1	0,1	0,9	-0,0	-0,2	4,3	-0,0	0,5	0,7	2,6	2,9	3,0
<b>I</b>	-0,2	0,9	0,4	0,9	0,2	0,9	0,8	-1,0	-2,8	-1,5	0,7	1,1
<b>L</b>	1,1	0,7	2,8	3,1	3,7	4,3	4,1	1,8	1,7	1,6	2,0	2,1
<b>NL</b>	0,9	0,0	1,7	1,6	1,9	2,3	1,3	0,9	-0,1	0,0	1,3	1,8
<b>P</b>	0,3	-0,6	0,5	0,1	1,0	0,9	0,9	-0,6	-2,0	-0,4	0,1	0,4
<b>UK</b>	0,3	-0,2	1,8	3,2	2,5	1,1	-3,1	-2,2	-1,0	0,0	0,7	1,1
<b>EUR*</b>	0,3	0,0	1,1	1,6	1,5	1,7	0,1	-1,2	-1,8	-0,6	0,8	1,1
<b>AUT</b>	-0,1	0,9	0,5	0,3	0,9	2,1	2,1	2,1	0,5	0,5	1,0	1,7
<b>FIN</b>	0,5	0,1	0,2	0,3	0,5	-1,0	-5,4	-7,1	-0,8	-0,8	2,8	3,6
<b>NOR</b>	0,7	1,7	2,1	-0,8	-2,4	-0,8	-0,8	-0,3	1,3	1,3	1,1	1,1
<b>SWE</b>	0,6	0,7	0,5	1,1	1,6	0,5	-1,8	-4,1	-0,9	-0,9	1,3	1,6
<b>USA</b>	1,9	1,8	3,5	2,8	1,9	1,2	-1,1	0,2	1,4	2,8	1,8	1,2
<b>JAP</b>	1,3	0,7	0,9	1,7	2,0	2,1	2,1	1,1	0,1	0,4	1,0	1,6

TABLE 17 : **Employment in manufacturing industries** (percentage change on preceding year, 1974-96)\*

	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
<b>B</b>	-2,8	-2,3	-0,7	1,9	0,3	-1,5	-2,5	-4,1	-0,9	0,6	0,9
<b>DK</b>	-0,3	-1,3	-2,2	-1,1	0,0	-1,5	-1,3	-4,0	0,5	2,8	2,5
<b>D</b>	-	-	-	-	-	-	-	-	-	-	-
<b>WD</b>	-1,1	0,1	-0,2	1,4	2,8	1,4	-1,8	-5,9	-5,0	0,0	1,0
<b>GR</b>	-	-	-	-	-	-	-	-	-	-	-
<b>E</b>	-	3,5	1,9	3,3	3,4	-2,6	-2,5	-9,7	-1,0	1,3	1,7
<b>F</b>	-1,6	-2,5	-1,4	0,5	0,6	-1,5	-3,1	-3,9	-2,0	1,0	2,0
<b>IRL</b>	-0,3	-1,4	0,5	4,8	2,7	0,0	0,4	-0,4	3,6	4,7	4,1
<b>I</b>	-0,7	-1,0	1,6	0,9	0,4	-1,9	-3,7	-4,8	-1,8	0,8	1,0
<b>L</b>	-1,7	-2,0	-2,8	-1,1	-0,3	3,5	-2,9	-0,5	-0,8	-0,3	0,0
<b>NL</b>	-1,9	1,1	0,8	1,4	1,9	-0,3	-1,0	-3,5	-1,1	1,0	1,2
<b>P</b>	-	-1,7	-1,6	1,5	1,5	1,6	-2,0	-3,1	-1,4	-0,1	0,2
<b>UK</b>	-	-1,4	0,9	-0,2	-1,8	-7,6	-4,0	-3,6	-0,7	0,2	0,3
<b>EUR*1,2</b>	-	-0,6	0,3	1,1	1,1	-1,7	-2,7	-5,1	-2,4	0,6	1,1
<b>AUT</b>	-	-	-	-	-	-	-	-	-	-	-
<b>FIN</b>	-0,6	-1,7	-2,7	-1,9	-2,9	-8,0	-6,5	-6,2	0,0	3,5	3,0
<b>NOR</b>	-0,9	-0,5	-4,8	-6,7	-2,1	-3,5	1,3	-0,7	1,6	0,5	0,5
<b>SWE</b>	-0,7	2,1	1,9	-0,7	-2,5	-6,0	-11,6	-8,0	1,0	4,5	4,7

<sup>1</sup> EUR without Portugal up to 1986 and without Greece.

<sup>2</sup> Aggregated with West-Germany.

TABLE 18 : **Number of unemployed** (as a percentage of civilian labour force, 1964-96)<sup>1\*</sup>

	1964-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
<b>B</b>	2,0	8,4	11,3	10,2	8,6	7,6	7,5	8,2	9,4	10,0	9,8	9,3
<b>DK</b>	0,9	6,3	5,6	6,4	7,7	8,1	8,9	9,5	10,3	10,2	9,0	8,0
<b>D</b>	-	-	-	-	-	-	5,2	6,0	7,0	7,3	7,0	6,4
<b>WD</b>	0,7	4,4	6,3	6,3	5,6	4,8	4,2	4,5	5,6	6,3	6,2	5,7
<b>GR</b>	4,2	4,3	7,4	7,7	7,5	7,0	7,7	8,7	9,7	10,2	10,6	10,8
<b>E</b>	2,8	12,0	20,5	19,4	17,1	16,2	16,4	18,2	21,8	22,4	21,9	21,2
<b>F</b>	2,2	6,7	10,4	9,9	9,4	9,0	9,5	10,0	10,8	11,3	11,0	10,6
<b>IRL</b>	5,7	11,5	18,0	17,3	15,7	14,5	16,2	17,8	18,4	17,7	16,8	15,7
<b>I</b>	5,2	7,6	10,8	10,9	10,9	10,0	10,1	10,3	11,1	11,8	11,1	10,4
<b>L</b>	0,0	1,8	2,5	2,0	1,8	1,7	1,6	1,9	2,6	3,3	3,2	3,1
<b>NL</b>	1,3	7,9	10,0	9,3	8,5	7,5	7,1	7,2	8,8	10,0	9,8	9,4
<b>P</b>	2,5	7,0	6,8	5,7	5,0	4,6	4,0	3,9	5,1	6,1	6,0	5,6
<b>UK</b>	2,0	7,3	10,4	8,5	7,1	7,0	8,9	10,2	10,4	9,4	8,5	7,6
<b>EUR*</b>	2,4	7,1	10,4	9,8	9,0	8,4	8,8	9,6	10,6	10,9	10,4	9,8
<b>AUT<sup>2</sup></b>	1,7	2,6	3,8	3,6	3,1	3,2	3,5	5,4	6,2	6,0	5,7	5,2
<b>FIN<sup>2</sup></b>	2,3	4,9	5,1	4,6	3,5	3,5	7,6	13,2	18,0	18,7	16,7	14,0
<b>NOR<sup>2</sup></b>	1,1	2,2	2,1	3,2	5,0	5,3	5,6	6,0	6,1	5,5	5,1	4,8
<b>SWE<sup>2</sup></b>	2,0	2,4	1,9	1,6	1,3	1,5	2,7	5,4	8,2	7,7	7,3	6,8
<b>USA<sup>3</sup></b>	4,6	7,4	6,2	5,5	5,3	5,5	6,7	7,4	6,8	6,2	5,9	6,0
<b>JAP<sup>3</sup></b>	1,2	2,2	2,8	2,5	2,3	2,1	2,1	2,2	2,5	3,0	2,9	2,6

<sup>1</sup> Series following SOEC definition, based on the labour force survey.

<sup>2</sup> OECD adjusted figures.

<sup>3</sup> In percentage of total labour force.

\* Notes : see page 28.

TABLE 19 : General government total expenditure (as a percentage of GDP, 1970-96)\*

	1970-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
<b>B</b>	54,2	59,1	56,8	54,7	54,2	55,3	55,5	56,0	56,0	54,9	54,0
<b>DK</b>	50,5	55,7	58,0	58,4	57,4	57,8	59,6	61,9	62,5	60,1	58,7
<b>D</b>	-	-	-	-	-	48,8	49,4	49,7	49,4	49,3	48,4
<b>WD</b>	45,8	46,9	46,4	45,0	45,3	-	-	-	-	-	-
<b>GR</b>	-	43,7	43,6	44,6	46,8	46,4	46,2	48,0	49,9	50,3	50,7
<b>E</b>	30,7	40,8	41,0	42,3	43,5	45,2	46,2	49,3	48,2	46,9	45,5
<b>F</b>	45,4	51,7	50,8	49,9	50,6	51,2	52,8	55,4	55,5	54,3	53,3
<b>IRL</b>	45,2	49,4	46,3	39,6	40,0	40,6	41,0	41,2	40,7	39,2	38,0
<b>I</b>	41,3	50,2	50,3	51,3	53,2	53,5	53,6	56,2	54,8	53,6	52,4
<b>L</b>	48,0	54,2	-	-	-	-	53,0	53,5	52,7	52,0	51,1
<b>NL</b>	53,1	59,4	57,6	54,8	55,0	55,6	56,3	56,8	55,9	53,2	51,3
<b>P</b>	-	43,0	43,0	42,9	38,8	41,1	42,8	44,2	44,4	43,7	43,1
<b>UK</b>	42,3	40,8	38,9	38,6	40,3	41,0	43,3	43,6	42,6	42,1	41,4
<b>EUR*</b>	44,2 <sup>1</sup>	47,7	47,0	46,5	47,4	48,7	50,1	51,5	51,0	50,2	49,1
<b>AUT</b>	-	-	-	-	-	-	-	53,6	52,6	52,7	52,0
<b>FIN</b>	-	-	-	-	-	-	-	62,4	60,0	56,9	54,2
<b>NOR</b>	-	-	-	-	-	-	-	58,0	57,6	56,4	55,8
<b>SWE</b>	-	-	-	-	-	-	-	73,6	70,2	68,3	66,4
<b>USA</b>	33,6	36,8	35,8	35,8	36,8	37,8	38,7	37,2	36,5	36,6	37,0
<b>JAP</b>	28,6	32,8	32,2	31,5	32,3	32,0	32,4	32,9	33,4	33,9	34,3

<sup>1</sup> EUR without Greece and Portugal.

TABLE 20 : General government total current receipts (as a percentage of GDP, 1970-96)\*

	1970-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
<b>B</b>	46,9	51,6	50,1	48,4	48,8	48,9	48,8	49,4	50,4	50,2	50,0
<b>DK</b>	49,7	58,1	58,6	57,9	55,9	55,8	57,1	57,6	58,3	57,1	56,5
<b>D</b>	-	-	-	-	-	45,5	46,8	46,4	46,6	46,9	46,3
<b>WD</b>	43,8	45,0	44,2	45,1	43,3	-	-	-	-	-	-
<b>GR</b>	-	33,2	31,2	29,9	32,9	33,4	34,5	34,6	35,8	37,1	37,8
<b>E</b>	28,3	37,7	37,7	39,5	39,5	40,3	42,0	41,8	41,2	40,9	40,8
<b>F</b>	44,2	49,8	49,2	48,7	49,0	49,0	48,9	49,6	49,9	49,4	49,4
<b>IRL</b>	36,2	41,0	41,8	37,9	37,9	38,5	38,8	38,7	38,3	37,2	36,5
<b>I</b>	32,5	39,2	39,6	41,4	42,2	43,3	44,0	46,7	45,2	44,9	44,6
<b>L</b>	50,5	57,5	-	-	-	-	53,3	54,6	54,0	53,6	53,1
<b>NL</b>	50,8	53,5	53,0	50,1	49,9	52,7	52,4	53,5	52,1	49,6	48,6
<b>P</b>	30,2	36,2	37,6	39,5	34,0	35,5	39,5	37,0	38,2	38,0	38,3
<b>UK</b>	39,4	39,5	39,1	38,6	38,8	38,4	37,2	35,8	36,3	37,5	38,0
<b>EUR*</b>	41,0 <sup>1</sup>	43,6	43,2	43,5	43,3	44,2	45,1	45,5	45,4	45,4	45,2
<b>AUT</b>	-	-	-	-	-	-	-	49,4	48,2	47,8	47,8
<b>FIN</b>	-	-	-	-	-	-	-	55,2	55,4	52,0	51,7
<b>NOR</b>	-	-	-	-	-	-	-	55,3	56,2	55,1	54,5
<b>SWE</b>	-	-	-	-	-	-	-	60,3	58,5	58,7	59,2
<b>USA</b>	31,9	34,3	33,8	34,3	34,3	34,3	34,2	33,9	34,2	34,6	35,3
<b>JAP</b>	26,5	33,3	33,7	34,0	35,2	34,9	34,3	33,5	32,5	32,2	32,0

<sup>1</sup> EUR without Greece.

TABLE 21 : General government lending (+) or borrowing (-) (as a percentage of GDP, 1970-96)\*<sup>3</sup>

	1970-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
<b>B</b>	-7,2	-7,4	-6,6	-6,2	-5,4	-6,5	-6,7	-6,6 <sup>2</sup>	-5,5 <sup>2</sup>	-4,7 <sup>2</sup>	-4,0 <sup>2</sup>
<b>DK</b>	-0,8	2,4	0,6	-0,5	-1,5	-2,1	-2,5	-4,4	-4,3	-3,0	-2,2
<b>D</b>	-	-	-	-	-	-3,2	-2,6	-3,3	-2,9	-2,4	-2,0
<b>WD</b>	-2,0	-1,9	-2,2	0,1	-2,1	-	-	-	-	-	-
<b>GR</b>	-	-9,7	-12,4	-14,7	-14,0	-13,0	-11,7	-13,3	-14,1	-13,3	-12,9
<b>E</b>	-2,2	-3,1	-3,3	-2,8	-3,9	-4,9	-4,2	-7,5	-7,0	-6,0	-4,7
<b>F</b>	-1,2	-1,9	-1,7	-1,2	-1,6	-2,2	-3,9	-5,8	-5,6	-4,9	-3,9
<b>IRL</b>	-9,0	-8,5	-4,5	-1,7	-2,2	-2,1	-2,2	-2,5	-2,4	-2,0	-1,5
<b>I</b>	-8,7	-11,0	-10,7	-9,9	-10,9	-10,2	-9,5	-9,5	-9,6	-8,6	-7,9
<b>L</b>	2,5	3,3	-	-	5,9	2,3 <sup>3</sup>	0,3	1,1	1,3	1,6	2,0
<b>NL</b>	-3,2	-5,9	-4,6	-4,7	-5,1	-2,9	-3,9	-3,3	-3,8	-3,5	-2,7
<b>P</b>	-	-6,8	-5,4	-3,4	-5,5 <sup>3</sup>	-6,6 <sup>3</sup>	-3,3	-7,2	-6,2	-5,8	-4,8
<b>UK</b>	-2,9	-1,4	0,1	-0,1	-1,5	-2,6	-6,2	-7,8	-6,3	-4,6	-3,4
<b>EUR*</b>	-3,3 <sup>1</sup>	-4,0	-3,8	-3,0	-4,0	-4,6	-5,0	-6,0	-5,6	-4,7	-3,9
<b>AUT</b>	-	-	-	-	-	-	-	-4,1	-4,4	-4,9	-4,2
<b>FIN</b>	-	-	-	-	-	-	-	-7,2	-4,7	-5,0	-2,5
<b>NOR</b>	-	-	-	-	-	-	-	-2,7	-1,3	-1,3	-1,4
<b>SWE</b>	-	-	-	-	-	-	-	-13,3	-11,7	-9,6	-7,3
<b>USA</b>	-1,7	-2,5	-2,0	-1,5	-2,5	-3,5	-4,5	-3,3	-2,3	-1,9	-1,7
<b>JAP</b>	-2,1	0,5	1,5	2,5	2,9	3,0	1,8	0,6	-1,0	-1,7	-2,4

<sup>1</sup> EUR without Greece and Portugal.

<sup>2</sup> The figures for 1993, 1994 and 1995 include the proceeds from the sale of public participations, the accounting treatment of which is currently being examined. The amounts involved are, respectively BFR 31.7 bn, 32 bn and 38.5 bn.

<sup>3</sup> The figures mentioned in this table correspond to those given in the excessive deficit reporting. The balances were not calculated as the difference between receipts and expenditure, as these figures have not yet been published.

\* Notes : see page 28.

TABLE 22 : General government gross debt (as a percentage of GDP, 1980-96)\*<sup>1</sup>

	1980	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
<b>B</b>	78,8	133,2	133,8	130,7	130,8	132,9	133,8	138,9	140,1	138,7	136,0
<b>DK<sup>2</sup></b>	-	59,6	61,4	59,5	59,6	64,6	68,8	79,5	78,0	78,0	78,2
<b>D</b>	-	-	-	-	-	42,1	44,8	48,1	51,0	59,4	58,9
<b>WD</b>	-	-	-	-	43,8	-	-	-	-	-	-
<b>GR</b>	-	-	-	-	82,6	86,1	92,3	115,2	121,3	125,4	128,1
<b>E</b>	17,5	46,1	42,4	43,9	45,1	45,9	48,2	59,8	63,5	65,8	66,1
<b>F</b>	20,1	33,6	33,7	34,4	35,4	35,8	39,6	45,8	50,4	53,4	55,6
<b>IRL</b>	-	-	-	-	96,8	96,2	93,4	96,1	89,0	83,7	79,1
<b>I</b>	57,8	90,5	92,6	95,6	97,9	101,3	108,4	118,6	123,7	126,8	128,6
<b>L</b>	-	-	-	-	5,4	4,9	6,0	7,8	9,2	9,8	9,9
<b>NL</b>	47,6	76,1	79,2	79,2	78,8	78,9	79,9	81,4	78,8	78,8	78,0
<b>P</b>	-	-	-	-	67,7	69,3	61,7	66,9	70,4	71,7	72,3
<b>UK</b>	-	-	-	-	-	35,8	42,0	48,3	50,4	52,4	53,1
<b>EUR*</b>	-	-	-	-	61,2	57,0	60,8	66,1	68,9	72,9	73,4

<sup>1</sup> As defined by the Council Regulation n° 3605/93 on the excessive deficit procedures.

<sup>2</sup> Government deposits with the central bank, government holdings of non-government bonds and public enterprise related debt amounted to some 25 % of GDP in 1994.

TABLE 23 : Trade balance total (fob/cif) (in mrd. ECU, 1961-96)\*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
<b>B</b>	-0,1	-3,3	-0,7	-2,9	-2,2	-5,6	-7,2	-6,5	9,0	10,7	12,3	14,0
<b>DK</b>	-0,7	-1,8	0,2	0,9	1,2	2,4	2,6	4,3	6,5	5,8	5,5	5,6
<b>D</b>	-	-	-	-	-	-	9,2	15,3	31,4	40,1	46,7	53,6
<b>WD</b>	3,6	18,9	57,0	61,0	64,0	47,4	-	-	-	-	-	-
<b>GR</b>	-0,9	-4,5	-5,6	-5,9	-7,8	-9,2	-10,4	-10,6	-10,8	-11,4	-12,0	-12,5
<b>E</b>	-1,9	-7,4	-8,7	-11,9	-19,3	-20,1	-21,3	-21,8	-16,2	-11,6	-13,6	-17,6
<b>F</b>	-0,8	-10,8	-12,6	-12,2	-14,9	-17,3	-15,4	-7,0	4,7	3,9	1,3	-0,4
<b>IRL</b>	-0,4	-0,9	2,0	2,7	3,1	2,3	2,7	5,0	6,1	6,6	7,2	8,1
<b>I</b>	-1,3	-8,3	-7,5	-8,4	-11,2	-9,3	-10,4	-8,2	17,7	22,0	24,6	26,5
<b>L<sup>1</sup></b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>NL</b>	-1,0	1,2	1,1	1,2	3,5	0,3	-2,7	-5,4	7,3	8,3	9,4	10,4
<b>P</b>	-0,5	-3,0	-3,7	-5,8	-5,6	-6,7	-7,9	-9,0	-9,2	-8,6	-9,0	-9,5
<b>UK</b>	-2,7	-8,6	-20,9	-42,6	-41,1	-31,9	-22,3	-26,9	-16,6	-10,5	-7,6	-6,3
<b>EUR*</b>	-6,6	-28,5	0,8	-23,9	-30,3	-47,6	-83,1	-70,8	29,8	55,1	64,8	71,8

<sup>1</sup> Included in the figures for Belgium.

TABLE 24 : Balance on current account (as a percentage of GDP, 1961-96)\*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
<b>B</b>	1,1	-1,2	1,3	1,8	1,7	0,9	1,8	2,2	4,6	4,8	5,0	5,2
<b>DK</b>	-2,0	-3,7	-2,9	-1,3	-1,5	0,5	1,3	3,0	3,7	2,6	2,2	2,2
<b>D</b>	-	-	-	-	-	-	-1,2	-1,2	-1,2	-1,4	-1,1	-0,9
<b>WD</b>	0,7	1,1	4,1	4,3	4,8	3,6	-	-	-	-	-	-
<b>GR</b>	-2,4	-2,6	-3,1	-2,0	-5,0	-6,2	-5,1	-4,3	-3,6	-2,5	-2,6	-3,0
<b>E</b>	-0,2	-1,2	0,1	-1,1	-3,2	-3,7	-3,6	-3,8	-1,9	-1,2	-1,6	-1,9
<b>F</b>	0,4	-0,2	-0,2	-0,3	-0,5	-1,0	-0,5	0,1	0,9	0,5	0,5	0,4
<b>IRL</b>	-2,4	-7,4	-0,2	0,0	-1,7	-0,7	2,0	3,3	6,5	6,0	6,0	6,3
<b>I</b>	1,4	-0,6	-0,2	-0,7	-1,3	-1,4	-1,8	-2,2	1,1	2,0	2,6	2,9
<b>L</b>	6,9	28,0	30,3	30,8	34,0	34,2	27,9	30,0	28,9	28,6	28,5	28,2
<b>NL</b>	0,5	2,0	1,9	2,8	3,5	3,8	3,5	3,1	3,7	4,1	4,2	4,5
<b>P</b>	0,4	-5,9	-0,4	-4,4	-2,3	-2,5	-2,9	-3,2	-4,0	-0,4	1,1	1,9
<b>UK</b>	-0,1	-0,2	-2,2	-4,9	-5,5	-4,5	-2,4	-2,4	-2,5	-0,4	-0,4	-0,3
<b>EUR*</b>	0,4	-0,1	0,7	0,1	-0,2	-0,4	-1,2	-1,1	-0,1	0,3	0,5	0,6
<b>AUT</b>	0,1	-0,9	-0,2	-0,2	0,1	0,7	0,0	-0,2	-0,1	-0,9	-1,3	-1,2
<b>FIN</b>	-	-1,9	-2,0	-2,6	-5,1	-5,1	-5,4	-4,9	-1,2	2,0	2,2	1,9
<b>NOR</b>	-1,9	-2,5	-4,9	-4,3	0,3	3,7	4,8	2,5	2,4	2,6	3,3	3,5
<b>SWE</b>	0,2	-1,5	-0,6	-1,1	-2,7	-3,5	-2,0	-2,4	0,2	0,2	2,0	2,8
<b>USA</b>	0,5	-0,6	-3,4	-2,4	-1,7	-1,4	0,2	-0,9	-1,5	-2,0	-2,1	-2,1
<b>JAP</b>	0,6	1,1	3,6	2,8	2,0	1,3	2,5	3,3	3,1	2,9	2,5	2,5

\* Notes : see page 28.



TABLE 25 : Rates of change of demand components, EUR\* (1991-96)<sup>1</sup>\*

	Percentage change on preceding period at constant prices											
	1991	1992	1993	1994	1995	1996	1994-I	1994-II	1995-I	1995-II	1996-I	1996-II
Private consumption	2,0	1,7	-0,1	1,5	2,0	2,5	1,4	1,9	2,0	2,2	2,5	2,6
Government consumption	1,6	1,7	0,7	0,7	0,8	1,0	0,6	0,5	0,8	0,9	1,0	1,1
Fixed capital formation	-0,2	-0,2	-5,2	2,4	5,7	6,3	2,8	4,3	6,1	6,3	6,3	6,2
— Construction	0,7	2,2	-2,1	2,8	4,6	5,2	3,2	3,9	4,8	4,9	5,3	5,3
— Equipment	-0,7	-2,6	-9,5	1,8	7,2	7,8	2,2	4,7	8,0	8,2	7,8	7,4
Change in stocks (as % of GDP)	0,4	0,3	-0,5	0,1	0,4	0,5	0,0	0,2	0,3	0,4	0,5	0,5
Domestic demand	1,1	1,3	-1,8	2,0	2,8	3,1	2,4	2,5	2,8	3,0	3,2	3,2
Exports of goods and services	5,5	3,5	0,4	8,1	7,2	7,0	8,6	7,7	7,1	6,9	7,0	7,0
Imports of goods and services	4,0	3,9	-3,7	5,8	6,5	6,8	6,7	5,6	6,9	6,7	6,8	6,8
Gross domestic product	1,5	1,1	-0,4	2,6	2,9	3,2	2,9	3,1	2,9	3,0	3,2	3,2

<sup>1</sup> Half-yearly figures at annual rates, seasonally adjusted (94-I = first half of 1994 etc.).

TABLE 26 : Imports of goods, volume (percentage change on preceding year, 1961-96)\*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	9,3	2,6	9,0	7,3	7,4	4,7	1,5	4,5	1,7	5,1	5,8	5,8
DK	7,9	1,8	-3,2	-0,0	5,4	0,4	5,6	-0,4	-3,7	13,2	7,8	6,5
D	—	—	—	—	—	—	—	2,1	-12,0	5,8	6,0	6,2
WD	8,7	3,8	4,6	5,9	9,7	11,3	12,4	3,2	-11,5	6,2	6,3	6,5
GR	12,8	3,0	20,2	6,1	10,7	12,7	13,0	4,9	1,3	3,7	4,5	4,7
E	—	1,7	21,4	14,5	17,6	7,2	9,8	5,4	-4,2	9,4	12,3	13,1
F	11,3	2,6	7,7	9,0	8,0	5,7	2,7	0,7	-4,0	6,4	7,2	7,4
IRL	9,2	4,3	3,8	3,0	12,3	7,1	1,0	4,8	6,3	8,4	8,3	7,9
I	10,2	2,9	9,3	6,5	6,7	5,3	4,7	3,4	-9,2	6,3	7,0	7,3
L	6,2	2,6	7,5	7,4	7,2	3,8	8,7	-0,5	-3,3	3,8	4,1	4,2
NL	9,4	2,5	4,6	8,0	6,9	4,7	4,3	2,0	-0,6	4,8	5,1	5,3
P	—	—	20,3	15,8	8,9	9,7	4,9	20,2	-3,2	2,0	8,2	6,7
UK	5,2	3,0	7,5	13,7	7,9	0,1	-5,3	6,6	3,7	4,4	4,8	5,2
EUR* <sup>1</sup>	9,0	2,3	8,1	8,9	8,7	5,8	4,5	3,7	-4,2	5,8	6,6	6,9
AUT	—	4,5	5,9	8,7	11,7	11,5	5,9	2,6	-4,1	7,0	6,1	6,0
FIN	—	2,2	9,6	8,9	11,0	-4,5	-17,6	-2,3	-3,2	8,8	11,2	10,0
NOR	—	7,3	7,7	-0,1	0,5	1,6	1,4	-0,7	3,9	8,6	6,0	5,6
SWE	—	3,5	7,6	4,7	6,1	1,9	-6,4	0,1	3,1	11,1	6,6	5,5
USA	9,1 <sup>2</sup>	5,7	4,2	4,0	4,4	2,4	0,5	10,3	11,9	12,8	8,0	6,5
JAP	—	2,4	4,9	20,7	13,0	6,0	-3,5	-1,5	6,4	11,0	5,5	7,0

<sup>1</sup> Excluding Spain up to 1973 and Portugal up to 1986.

<sup>2</sup> Average 1964-73.

TABLE 27 : Exports of goods, volume (percentage change on preceding year, 1961-96)\*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	10,1	2,9	6,5	9,0	6,2	4,0	1,7	4,2	2,0	7,0	6,5	6,4
DK	6,8	4,4	3,4	6,1	5,3	4,7	5,9	5,0	0,8	7,9	5,5	5,5
D	—	—	—	—	—	—	—	0,8	-9,5	8,5	8,1	7,9
WD	8,0	4,3	0,9	6,2	9,7	8,3	12,7	5,3	-5,2	8,8	8,0	7,3
GR	12,0	7,3	13,0	6,8	2,0	-5,2	14,5	7,2	-0,0	4,7	5,0	6,1
E	—	8,9	7,4	7,8	6,8	7,3	10,0	6,1	11,5	21,2	12,2	10,2
F	10,0	3,9	3,7	9,0	9,1	5,3	3,9	4,9	-1,0	6,4	6,6	6,8
IRL	8,1	8,3	13,7	8,9	10,4	8,8	5,0	14,6	10,3	7,7	8,2	8,3
I	11,5	5,2	4,2	6,0	8,0	4,4	1,6	4,2	8,4	9,0	7,4	6,8
L	5,3	1,9	6,5	9,8	6,5	1,2	3,1	0,2	-5,0	4,7	5,0	5,1
NL	10,3	3,2	4,0	9,2	6,3	5,2	4,8	2,6	0,9	5,4	5,6	5,7
P	—	—	7,7	10,1	15,9	10,3	1,1	5,5	-6,8	8,0	12,9	8,5
UK	5,0	3,9	5,2	1,7	4,5	11,9	1,2	2,2	3,2	9,9	7,0	7,0
EUR* <sup>1</sup>	8,8	4,8	4,0	6,6	7,8	6,9	5,9	3,3	-0,2	8,7	7,5	7,2
AUT	—	5,8	4,5	10,3	16,1	9,1	6,5	2,2	0,6	6,2	6,8	6,7
FIN	—	3,4	1,6	3,1	0,5	2,4	-9,4	9,3	19,0	12,4	6,5	5,4
NOR	—	9,6	4,4	5,6	11,0	9,9	7,2	8,0	-0,3	8,8	5,5	4,4
SWE	—	3,1	3,8	4,0	2,0	0,2	-2,7	0,9	8,5	13,9	9,7	6,9
USA	6,7 <sup>2</sup>	2,6	10,0	19,3	11,8	7,3	7,5	6,6	5,5	9,0	9,6	9,8
JAP	—	8,1	-0,1	5,3	4,4	4,9	2,3	0,7	-1,1	1,6	3,1	6,2

<sup>1</sup> Excluding Spain up to 1973 and Portugal up to 1986.

<sup>2</sup> Average 1964-73.

\* Notes : see page 28.

**TABLE 28 : Export markets and export performance**  
(percentage change on preceding year, 1994-96)\*

	Export markets			Export performance <sup>1</sup>		
	1994	1995	1996	1994	1995	1996
<b>B</b>	7,2	7,1	7,2	-0,2	-0,6	-0,8
<b>DK</b>	7,5	6,6	6,4	0,4	-1,1	-0,8
<b>D</b>	7,4	7,1	7,1	1,0	0,9	0,7
<b>GR</b>	6,1	6,7	6,6	-1,4	-1,5	-0,5
<b>E</b>	6,6	7,0	6,9	13,7	4,8	3,1
<b>F</b>	7,0	7,0	7,1	-0,6	-0,4	-0,3
<b>IRL</b>	7,0	6,2	6,2	0,7	1,8	2,0
<b>I</b>	7,3	7,3	7,3	1,6	0,1	-0,5
<b>L<sup>2</sup></b>	-	-	-	-	-	-
<b>NL</b>	6,5	6,4	6,4	-1,0	-0,7	-0,6
<b>P</b>	7,7	7,7	7,8	0,3	4,9	0,6
<b>UK</b>	8,0	7,5	7,3	1,7	-0,4	-0,3
<b>EUR*</b>	7,3	7,1	7,0	1,3	0,4	0,1
<b>AUT</b>	7,0	6,9	7,0	-0,8	-0,1	-0,3
<b>FIN</b>	8,6	7,2	7,0	3,5	-0,7	-1,4
<b>NOR</b>	3,2	5,8	5,8	5,4	-0,3	-1,2
<b>SWE</b>	8,3	7,3	7,1	5,2	2,2	-0,2
<b>USA</b>	8,4	7,3	7,7	0,5	2,2	1,9
<b>JAP</b>	11,2	8,9	8,4	-8,6	-5,3	-2,0

<sup>1</sup> Indices of export volume growth divided by index of market growth (includes intra-EC trade).

<sup>2</sup> Included in the figures for Belgium.

**TABLE 29 : Trade balances (fob-fob) EUR, USA and Japan\***

	1991	1992	1993	1994	1995	1996
	as a % of GDP					
<b>EUR</b>	-0,6	-0,2	0,9	1,4	1,5	1,6
<b>USA</b>	-1,3	-1,6	-2,1	-2,5	-2,6	-2,6
<b>Japan</b>	3,1	3,6	3,3	3,1	2,8	2,8
	in mrd USD					
<b>EUR</b>	-35,4	-13,9	55,6	92,6	114,9	129,6
<b>USA</b>	-73,8	-96,1	-132,5	-166,3	-188,0	-193,5
<b>Japan</b>	103,1	132,4	142,3	147,2	142,1	151,6
	in mrd ECU					
<b>EUR</b>	-28,6	-10,7	47,4	78,1	93,0	103,7
<b>USA</b>	-59,6	-74,2	-113,0	-140,4	-152,1	-154,8
<b>Japan</b>	83,3	102,2	121,5	124,3	115,0	121,3

**TABLE 30 : World export prices<sup>1</sup>**  
(percentage change on preceding year)\*

	1991	1992	1993	1994	1995	1996
Fuels	-15,1	-3,3	-11,9	-6,2	9,7	3,6
Other primary commodities	-5,4	-0,5	-7,3	8,1	6,3	3,5
Manufactures	0,8	3,0	-3,4	2,9	4,2	3,1

<sup>1</sup> In US dollars.

Source : United Nations and forecasts by Commission services.

**TABLE 31 : World GDP (at constant prices)\***  
(percentage change on preceding year)

	1991	1992	1993	1994	1995	1996
<b>EUR</b>	1,5	1,1	-0,4	2,6	2,9	3,2
<b>USA</b>	-1,1	2,6	3,0	3,9	2,7	2,3
<b>Canada</b>	-1,7	0,7	2,4	4,0	3,6	3,5
<b>Japan</b>	4,0	1,3	0,1	0,7	2,2	2,7
<b>EFTA</b>	-0,3	-0,1	-0,7	2,6	3,1	3,1
<b>Total OECD</b>	0,7	1,7	1,2	2,8	2,7	2,8
<b>CCEE</b>	-13,8	-15,4	-8,8	-8,4	-3,2	0,4
<b>OPEC</b>	1,7	6,2	3,9	2,4	3,6	4,3
<b>Other developing countries</b>	4,6	5,1	5,6	5,8	5,9	5,9
— DAE's	7,7	6,0	6,3	7,3	7,1	7,1
— Other Asia	5,1	8,6	8,3	7,7	7,7	7,4
— Latin America	3,5	2,6	3,9	3,6	4,1	4,3
— Africa	-1,3	0,0	0,4	3,3	3,8	4,2
<b>World</b>	0,8	1,4	1,3	2,9	3,1	3,3
<b>World excluding EUR</b>	0,3	1,6	2,5	3,0	3,1	3,3

**TABLE 32 : World imports of goods (at constant prices)\***  
(percentage change on preceding year)

	1991	1992	1993	1994	1995	1996
<b>EUR</b>	4,5	3,7	-4,2	5,8	6,6	6,9
<b>USA</b>	0,5	10,3	11,9	12,8	8,0	6,5
<b>Canada</b>	1,1	4,1	7,8	9,5	6,0	6,9
<b>Japan</b>	-3,5	-1,5	6,4	11,0	5,5	7,0
<b>EFTA</b>	-2,9	-0,6	-0,6	8,0	6,1	5,8
<b>Total OECD</b>	1,9	4,7	2,1	8,2	6,8	6,7
<b>CCEE</b>	-18,8	-10,4	10,1	5,4	6,7	6,4
<b>OPEC</b>	7,0	7,3	-0,9	0,5	5,0	5,4
<b>Other developing countries</b>	12,8	14,2	14,3	11,0	10,8	10,7
— DAE's	14,1	11,6	14,9	12,6	12,4	12,2
— Other Asia	12,5	20,0	17,2	10,4	10,7	10,5
— Latin America	16,3	21,4	13,2	9,6	8,0	8,0
— Africa	-4,1	1,6	4,1	4,4	5,4	5,8
<b>World</b>	3,8	5,9	3,8	8,5	7,6	7,5
<b>World excluding EUR</b>	3,2	7,9	9,4	9,9	8,2	7,9

**TABLE 33 : World balances of current account**  
(in billions USD)\*

	1991	1992	1993	1994	1995	1996
<b>EUR</b>	-47,5	-43,2	0,0	19,4	34,2	46,0
<b>USA<sup>1</sup></b>	-8,3	-66,4	-109,3	-133,2	-152,7	-157,3
<b>Canada</b>	-25,3	-23,0	-19,6	-16,3	-11,9	-11,6
<b>Japan</b>	72,9	117,6	130,5	137,6	126,1	132,4
<b>EFTA</b>	5,3	5,8	16,4	21,5	27,2	30,6
<b>Total OECD</b>	-13,6	-22,0	-0,1	13,4	7,3	24,6
<b>CCEE</b>	-	-6,1	-5,4	-8,9	-11,0	-12,7
<b>OPEC</b>	-63,4	-31,8	-32,2	-34,2	-24,2	-22,4
<b>Other developing countries</b>	-81,3	-68,7	-90,8	-60,9	-71,4	-81,4
— DAE's	-2,4	0,7	0,6	0,2	-1,8	-3,4
— Other Asia	4,3	-4,2	-19,7	-19,7	-24,0	-27,4
— Latin America	-16,8	-28,7	-34,5	-37,2	-40,7	-44,7
— Africa	-3,0	-4,7	-5,0	-4,2	-4,9	-5,9
<b>Errors and omissions</b>	-101,2	-96,9	-96,3	-90,5	-99,3	-92,0

<sup>1</sup> The balance takes into account as public transfers to the USA the contributions of foreign governments to the cost of the Gulf war in 1991.

**TABLE 34 : World trade balances**  
(fob-fob, in billions USD)\*

	1991	1992	1993	1994	1995	1996
<b>EUR</b>	-35,4	-13,9	55,6	92,6	114,9	129,6
<b>USA</b>	-73,8	-96,1	-132,5	-166,3	-188,0	-193,5
<b>Canada</b>	5,2	8,2	9,9	14,7	20,6	22,4
<b>Japan</b>	103,1	132,4	142,3	147,2	142,1	151,6
<b>EFTA</b>	4,6	10,9	17,1	24,7	31,3	34,9
<b>Total OECD</b>	1,9	36,4	80,1	102,8	110,7	134,6
<b>CCEE</b>	-0,3	2,2	2,8	-1,8	-3,8	-5,1
<b>OPEC</b>	43,4	35,9	34,0	32,8	44,8	51,6
<b>Other developing countries</b>	30,0	-0,3	-23,6	-58,3	-69,1	-79,6
— DAE's	-5,2	-2,3	-3,4	-4,3	-7,8	-10,4
— Other Asia	-5,3	-12,6	-26,5	-27,4	-32,0	-35,9
— Latin America	3,3	-12,4	-18,8	-18,2	-19,7	-22,2
— Africa	-6,2	-9,0	-9,0	-8,4	-9,6	-11,1
<b>Errors and omissions</b>	31,6	38,3	59,3	75,5	82,5	101,4

\* Notes : see page 28.

TABLE 35 : Demand components at constant prices <sup>(1)</sup> and contributions to real GDP growth <sup>(2)</sup> EUR countries, acceding countries and EUR, 1990-96\*.

	1990	1991	1992	1993	1994	1995	1996		1990	1991	1992	1993	1994	1995	1996
<b>B<sup>5</sup> Demand components</b>								<b>E<sup>6</sup> Demand components</b>							
Private consumption	2,7	3,2	2,6	-1,0	0,8	2,0	2,6	Private consumption	3,6	2,9	2,1	-2,0	0,4	2,7	
Government consumption	0,3	2,4	0,4	1,9	0,7	0,6	0,5	Government consumption	5,6	5,4	3,8	2,3	0,2	0,5	
Fixed capital formation	10,2	-1,4	0,1	-5,9	0,5	4,6	5,0	Fixed capital formation	7,1	1,7	-3,9	-10,5	-0,8	5,5	
— Construction	8,6	2,8	6,5	-3,8	1,4	2,6	2,6	— Construction	10,7	4,3	-4,8	-6,6	0,1	5,3	
— Equipment	9,5	-5,4	-5,9	-0,7	-0,6	7,0	8,0	— Equipment	2,2	-2,5	-2,7	-17,0	-2,5	5,9	
Exports of goods and services	4,1	2,6	3,9	1,6	6,3	5,8	5,8	Exports of goods and services	3,2	7,9	6,7	8,3	20,2	11,9	
Imports of goods and services	4,2	2,4	4,1	1,6	4,8	5,5	5,5	Imports of goods and services	7,8	9,0	6,6	-5,1	9,2	12,2	
GDP	3,2	2,3	1,9	-1,7	2,2	2,7	3,1	GDP	3,6	2,2	0,8	-1,1	2,2	2,8	
<b>Contributions to growth</b>								<b>Contributions to growth</b>							
Final domestic demand	3,8	2,1	1,8	-1,6	0,7	2,3	2,7	Final domestic demand	4,9	3,1	1,0	-3,5	0,1	2,9	
Stockbuilding	-0,5	0,0	0,3	-0,1	0,2	0,1	0,1	Stockbuilding	0,0	-0,2	0,2	-1,0	-0,2	0,1	
Foreign balance	-0,1	0,1	-0,3	-0,0	1,3	0,3	0,2	Foreign balance	-1,3	-0,8	-0,4	3,3	2,3	-0,2	
<b>DK<sup>3</sup> Demand components</b>								<b>F<sup>3</sup> Demand components</b>							
Private consumption	0,0	1,4	0,7	2,7	6,5	4,1	3,6	Private consumption	2,7	1,4	1,3	0,7	1,7	2,5	
Government consumption	-0,4	0,0	1,4	3,9	1,1	0,6	0,6	Government consumption	2,1	2,6	3,0	0,5	1,4	1,3	
Fixed capital formation	-1,7	-5,4	-8,2	-1,9	6,7	5,3	6,0	Fixed capital formation	2,8	-0,7	-2,5	-5,1	0,8	5,3	
— Construction	-5,6	-12,9	0,2	-6,8	6,2	1,1	4,4	— Construction	2,0	-0,1	-1,3	-3,5	0,6	2,7	
— Equipment	1,9	2,9	-15,4	2,9	7,2	9,2	7,4	— Equipment	3,8	-1,2	-4,6	-5,8	1,0	8,7	
Exports of goods and services	6,9	7,7	3,7	-1,4	7,2	5,3	5,2	Exports of goods and services	5,4	3,8	5,0	-0,7	5,6	6,0	
Imports of goods and services	1,2	4,9	-0,5	-4,2	13,2	8,0	6,5	Imports of goods and services	6,1	2,8	1,1	-3,7	6,1	6,8	
GDP	1,4	1,0	1,3	1,4	4,8	3,2	3,0	GDP	2,5	0,8	1,2	-1,0	2,2	3,2	
<b>Contributions to growth</b>								<b>Contributions to growth</b>							
Final domestic demand	-0,4	-0,2	-0,7	2,1	4,7	3,1	3,0	Final domestic demand	2,6	1,1	0,8	-0,6	1,5	2,8	
Stockbuilding	-0,5	-0,3	0,1	-1,6	1,6	0,7	0,1	Stockbuilding	0,2	-0,6	-0,6	-1,2	0,9	0,5	
Foreign balance	2,4	1,5	1,9	0,9	-1,4	-0,6	-0,1	Foreign balance	-0,3	0,2	1,0	0,9	-0,1	-0,2	
<b>D<sup>9</sup> Demand components</b>								<b>IRL<sup>5</sup> Demand components</b>							
Private consumption	-	-	2,8	-0,1	0,9	1,3	2,1	Private consumption	1,3	2,6	2,9	1,2	4,4	4,8	
Government consumption	-	-	2,3	-0,0	0,1	0,8	1,4	Government consumption	5,8	2,7	2,4	1,1	5,5	-0,4	
Fixed capital formation	-	-	4,2	-3,3	5,1	6,9	6,5	Fixed capital formation	12,8	-8,2	-1,9	-0,5	8,8	8,1	
— Construction	-	-	9,5	3,1	8,0	6,6	6,1	— Construction	20,5	0,6	0,6	-3,4	7,8	7,0	
— Equipment	-	-	-1,9	-11,4	0,8	7,5	7,1	— Equipment	6,0	-17,1	-4,9	3,2	10,0	9,5	
Exports of goods and services	-	-	0,1	-9,5	7,8	7,9	7,8	Exports of goods and services	8,9	5,2	13,2	9,6	7,7	8,1	
Imports of goods and services	-	-	2,6	-10,0	5,8	6,1	6,5	Imports of goods and services	5,5	1,3	5,4	5,9	8,4	7,9	
GDP	-	-	2,1	-1,2	2,5	3,0	3,4	GDP	8,6	2,9	5,0	4,0	6,0	5,6	
<b>Contributions to growth</b>								<b>Contributions to growth</b>							
Final domestic demand	-	-	3,0	-0,8	1,7	2,5	3,0	Final domestic demand	3,8	0,4	1,7	0,7	4,4	3,7	
Stockbuilding	-	-	-0,3	-0,6	0,3	0,1	0,0	Stockbuilding	2,2	-0,3	-2,8	-0,5	0,7	0,2	
Foreign balance	-	-	-0,6	0,2	0,4	0,4	0,3	Foreign balance	2,6	2,8	6,1	3,8	1,0	1,6	
<b>WD<sup>9</sup> Demand components</b>								<b>I<sup>5</sup> Demand components</b>							
Private consumption	5,1	4,6	2,0	-0,3	0,6	1,1	2,0	Private consumption	2,9	2,6	1,7	-3,0	1,5	2,1	
Government consumption	1,0	-2,7	2,1	-0,7	-0,1	0,7	1,5	Government consumption	1,2	1,5	0,9	0,8	0,1	0,3	
Fixed capital formation	8,5	6,1	1,1	-6,9	2,0	4,3	4,4	Fixed capital formation	3,8	0,6	-2,0	-11,1	0,7	5,3	
— Construction	4,9	3,6	5,5	-0,5	4,0	2,5	2,9	— Construction	3,5	1,4	-2,1	-6,2	-3,2	2,2	
— Equipment	13,2	9,1	-3,9	-15,0	-1,1	7,1	6,7	— Equipment	4,1	-0,1	-1,9	-15,6	4,8	8,3	
Exports of goods and services	10,4	13,7	3,7	-6,1	7,6	7,5	7,1	Exports of goods and services	8,7	-0,2	5,4	10,5	9,1	7,5	
Imports of goods and services	9,4	12,1	3,9	-9,5	6,1	6,4	6,6	Imports of goods and services	10,6	2,3	5,8	-7,7	6,4	7,2	
GDP	5,7	4,5	1,6	-1,9	2,0	2,5	3,0	GDP	2,1	1,2	0,7	-0,7	2,4	3,0	
<b>Contributions to growth</b>								<b>Contributions to growth</b>							
Final domestic demand	5,0	3,8	1,7	-1,7	0,7	1,6	2,2	Final domestic demand	2,9	2,1	0,8	-4,2	1,1	2,4	
Stockbuilding	-0,1	-0,4	-0,3	-0,7	0,4	0,1	0,0	Stockbuilding	0,0	-0,1	0,3	-1,6	0,5	0,4	
Foreign balance	0,8	1,2	0,2	0,6	0,9	0,9	0,7	Foreign balance	-0,7	-0,7	-0,3	5,1	0,7	0,2	
<b>GR<sup>7</sup> Demand components</b>								<b>L<sup>5</sup> Demand components</b>							
Private consumption	2,1	2,3	1,8	0,2	0,6	1,2	1,6	Private consumption	4,0	6,5	1,7	0,2	1,7	2,3	
Government consumption	2,2	2,0	0,9	0,9	0,5	0,5	0,5	Government consumption	3,2	3,8	3,5	2,2	0,9	1,1	
Fixed capital formation	8,4	-4,5	0,5	-2,7	0,8	2,7	3,3	Fixed capital formation	2,5	9,8	-2,1	5,2	0,2	1,1	
— Construction	5,0	-4,4	-3,5	-5,7	-0,7	2,2	3,0	— Construction	7,2	9,0	10,4	4,6	-1,3	1,9	
— Equipment	14,5	-4,7	7,0	1,8	2,9	3,5	3,7	— Equipment	-6,0	11,2	-12,1	6,0	2,2	0,0	
Exports of goods and services	1,5	15,6	8,5	-0,7	4,6	5,0	5,8	Exports of goods and services	2,6	3,6	1,3	-3,5	4,6	4,9	
Imports of goods and services	11,3	10,6	2,3	2,3	3,8	4,5	4,7	Imports of goods and services	4,3	8,1	0,2	-2,4	3,8	4,1	
GDP	-1,0	3,2	0,8	-0,5	0,4	1,1	1,7	GDP	3,2	3,1	1,9	0,6	2,3	3,0	
<b>Contributions to growth</b>								<b>Contributions to growth</b>							
Final domestic demand	3,7	0,9	1,6	-0,3	0,7	1,6	2,0	Final domestic demand	3,4	6,9	0,9	1,9	1,2	1,8	
Stockbuilding	-1,8	2,7	-1,8	0,7	-0,0	0,0	0,0	Stockbuilding	1,7	1,2	-0,3	-0,2	0,4	0,4	
Foreign balance	-2,9	-0,5	1,0	-0,9	-0,3	-0,5	-0,4	Foreign balance	-1,9	-5,1	1,3	-1,0	0,6	0,7	

	1990	1991	1992	1993	1994	1995	1996		1990	1991	1992	1993	1994	1995	1996
<b>NL<sup>8</sup></b>	<b>Demand components</b>							<b>FIN<sup>8</sup></b>	<b>Demand components</b>						
Private consumption	4.2	3.1	2.6	0.7	1.6	2.0	2.3	Private consumption	-0.1	-3.4	-5.2	-4.7	0.0	5.2	4.5
Government consumption	1.6	1.5	1.3	0.1	0.3	0.2	0.3	Government consumption	3.9	2.1	-0.4	-5.8	-3.6	-1.5	0.2
Fixed capital formation	1.6	0.2	1.1	-2.2	1.0	5.9	5.1	Fixed capital formation	-4.1	-20.5	-17.2	-18.2	3.0	14.4	20.3
— Construction	-0.0	-0.0	1.9	-3.2	2.0	3.6	3.9	— Construction	-	-	-	-	-3.5	9.8	15.0
— Equipment	3.7	0.6	0.4	-1.0	-0.3	8.7	6.5	— Equipment	-	-	-	-	16.8	22.6	28.6
Exports of goods and services	5.3	4.7	2.8	1.7	5.4	5.6	5.7	Exports of goods and services	1.4	-6.6	9.8	17.0	11.8	6.5	5.6
Imports of goods and services	4.2	4.1	2.7	0.2	4.8	5.1	5.2	Imports of goods and services	-0.6	-11.7	1.4	0.1	5.0	9.4	9.4
GDP	4.1	2.3	1.3	0.3	2.3	3.2	3.3	GDP	0.0	-7.1	-4.0	-2.6	3.7	5.0	5.1
<b>Contributions to growth</b>								<b>Contributions to growth</b>							
Final domestic demand	3.1	2.1	1.9	-0.0	1.2	2.4	2.4	Final domestic demand	-0.4	-6.7	-6.8	-7.4	-0.3	4.7	5.9
Stockbuilding	0.2	-0.3	-0.8	-0.5	0.5	0.2	0.2	Stockbuilding	-0.9	-2.3	0.8	2.6	1.5	0.6	-0.2
Foreign balance	0.8	0.5	0.1	0.9	0.6	0.6	0.6	Foreign balance	0.6	2.0	2.3	5.4	2.5	-0.2	-0.6
<b>p<sup>8</sup></b>	<b>Demand components</b>							<b>NOR<sup>9</sup></b>	<b>Demand components</b>						
Private consumption	5.3	5.2	3.7	0.4	0.0	1.9	2.3	Private consumption	2.8	-0.0	4.6	1.7	4.5	3.0	1.5
Government consumption	1.5	3.0	1.4	0.0	0.2	0.7	0.5	Government consumption	2.1	2.6	1.8	2.2	3.2	0.3	2.1
Fixed capital formation	5.9	2.4	5.4	-5.6	-0.7	5.1	6.5	Fixed capital formation	-26.8	1.7	3.5	17.6	-14.3	3.9	5.1
— Construction	5.3	16.5	3.5	-1.0	-0.2	5.8	6.4	— Construction	-	-	-	-	2.8	1.1	7.8
— Equipment	5.8	16.5	5.6	-9.2	-1.2	4.5	6.5	— Equipment	-	-	-	-	-28.6	7.2	2.1
Exports of goods and services	9.5	1.1	6.1	-6.1	7.7	12.4	8.3	Exports of goods and services	8.1	6.1	6.1	1.9	6.5	4.5	3.8
Imports of goods and services	10.1	4.9	11.1	-3.2	1.9	8.1	6.7	Imports of goods and services	2.2	1.7	2.2	3.6	4.2	5.5	4.4
GDP	4.4	2.1	1.1	-1.2	1.1	3.0	3.2	GDP	1.7	1.6	3.3	2.5	4.7	2.8	2.5
<b>Contributions to growth</b>								<b>Contributions to growth</b>							
Final domestic demand	5.6	4.8	4.5	-1.3	-0.2	2.8	3.5	Final domestic demand	-4.9	0.8	3.0	4.3	-0.1	2.2	2.1
Stockbuilding	0.7	0.0	1.1	0.4	0.0	0.2	0.2	Stockbuilding	4.1	-1.2	-1.1	-1.6	3.3	0.5	0.3
Foreign balance	-1.9	-2.7	-4.5	-0.3	1.2	-0.1	-0.5	Foreign balance	3.5	2.8	2.8	-0.2	1.5	0.1	0.2
<b>UK<sup>8</sup></b>	<b>Demand components</b>							<b>SWE<sup>5</sup></b>	<b>Demand components</b>						
Private consumption	0.6	-2.2	0.0	2.6	2.5	1.9	2.0	Private consumption	-0.1	1.1	-1.9	-3.8	0.5	0.0	1.5
Government consumption	2.5	2.5	0.2	0.9	1.2	1.0	1.0	Government consumption	2.6	3.2	-0.6	-0.8	-0.4	-0.4	-0.3
Fixed capital formation	-3.4	-9.8	-1.1	0.3	3.9	5.2	5.5	Fixed capital formation	0.7	-8.4	-11.0	-16.2	3.8	9.0	6.0
— Construction	-0.6	-8.3	0.8	0.1	3.8	5.5	5.5	— Construction	-	-	-	-	-10.3	3.4	2.6
— Equipment	-3.6	-11.5	-3.5	2.1	4.0	4.7	5.5	— Equipment	-	-	-	-	20.3	13.9	8.7
Exports of goods and services	5.1	-0.8	2.6	3.1	8.1	6.2	6.4	Exports of goods and services	1.9	-2.4	2.2	7.2	12.2	9.1	6.7
Imports of goods and services	0.4	-5.3	5.7	2.8	4.7	4.7	5.0	Imports of goods and services	0.7	-5.0	1.3	-0.4	10.5	6.7	5.5
GDP	0.4	-2.3	-0.5	2.1	3.8	2.7	2.8	GDP	1.4	-1.1	-1.9	-2.1	2.2	2.7	2.7
<b>Contributions to growth</b>								<b>Contributions to growth</b>							
Final domestic demand	0.2	-2.8	-0.2	1.9	2.6	2.3	2.5	Final domestic demand	0.8	-0.4	-3.5	-5.3	0.7	1.4	1.7
Stockbuilding	-0.9	-0.7	0.5	0.3	0.4	-0.0	0.0	Stockbuilding	0.2	-1.7	1.3	0.3	0.4	0.0	0.2
Foreign balance	1.1	1.2	-0.9	0.0	0.8	0.3	0.3	Foreign balance	0.4	1.0	0.3	2.9	1.0	1.4	0.9
<b>EUR<sup>5</sup></b>	<b>Demand components</b>														
Private consumption	3.0	2.0	1.7	-0.1	1.5	2.0	2.5								
Government consumption	2.0	1.6	1.7	0.8	0.7	0.8	1.0								
Fixed capital formation	3.9	-0.3	-0.2	-5.2	2.4	5.7	6.3								
— Construction	3.6	0.4	1.7	-2.1	2.8	4.6	5.2								
— Equipment	4.8	-0.1	-2.6	-9.5	1.8	7.2	7.8								
Exports of goods and services	6.9	5.5	3.5	0.4	8.1	7.2	7.0								
Imports of goods and services	6.2	4.0	3.9	-3.7	5.8	6.5	6.8								
GDP	2.9	1.5	1.1	-0.4	2.6	2.9	3.2								
<b>Contributions to growth</b>															
Final domestic demand	3.0	1.5	1.3	-1.1	1.6	2.6	3.0								
Stockbuilding	-0.2	-0.3	-0.1	-0.7	0.5	0.2	0.1								
Foreign balance	0.1	0.3	-0.2	1.5	0.6	0.1	-0.1								
<b>AUT<sup>4</sup></b>	<b>Demand components</b>														
Private consumption	3.6	2.9	1.8	0.8	2.1	2.4	2.9								
Government consumption	1.2	3.1	2.4	2.0	2.5	1.9	1.9								
Fixed capital formation	5.7	5.1	2.7	-2.0	6.1	6.4	5.0								
— Construction	-	-	-	-	4.5	4.6	4.0								
— Equipment	-	-	-	-	8.3	8.9	6.3								
Exports of goods and services	8.1	5.6	2.8	-1.7	4.5	5.6	5.7								
Imports of goods and services	7.8	6.3	2.8	0.2	6.2	5.4	5.5								
GDP	4.2	2.7	1.6	-0.3	2.8	3.1	3.3								
<b>Contributions to growth</b>															
Final domestic demand	3.7	3.5	2.1	0.3	3.3	3.4	3.3								
Stockbuilding	0.5	-0.4	-0.4	1.2	0.4	-0.3	-0.1								
Foreign balance	0.0	-0.4	-0.1	-0.9	-0.9	-0.1	-0.0								

<sup>1</sup> Percentage change on preceding year.

<sup>2</sup> Change as a percentage of GDP of preceding period.

<sup>3</sup> 1980 prices.

<sup>4</sup> 1983 prices.

<sup>5</sup> 1985 prices.

<sup>6</sup> 1986 prices.

<sup>7</sup> 1988 prices.

<sup>8</sup> 1990 prices.

<sup>9</sup> 1991 prices.

Source : Commission services.

\* Notes : see page 28.

## Notes on technicalities, concepts and sources

1. Directorate General II "Economic and Financial Affairs" regularly produces, under its own responsibility, short-term economic forecasts. These forecasts cover the principal macro-economic aggregates of the Member States and of the Community as a whole, in addition to the international environment. Although the forecasts primarily serve as a support to the internal work of the Commission and its services, they also form the subject-matter of a regular publication in the Supplement A series "Economic Trends" of "European Economy".

### 2. Concepts and sources

The sources for the tables and graphs are the Commission's services, except where otherwise indicated.

The historical part of the time series presented in the tables (in the present case, until 1993) is based on ESA national accounts (European System of Integrated Economic Accounts) which are published once a year by Eurostat. In the prospective part (1994 estimates, 1995 and 1996 forecasts) the concepts are generally in line with national economic accounting practice and, therefore, do not always follow the ESA definitions.

Since October 1989, the rates of unemployment presented in table 18, both for the historical part and the forecast, are based on the definition of the Statistical Office of the European Communities (SOEC), which relies on labour survey data.

3. Community (EC) data are generally aggregated using Purchasing Power Standards (PPS). For aggregates at constant prices, PPS weighted national currency is used. The aggregation in the tables "Current Balance as % of GDP" and "GNP at Market Prices" is made using current exchange rates.

### 4. Technical Notes

The world *geographical zones* are defined as follows :

- EFTA : Austria, Finland, Iceland, Norway, Sweden and Switzerland
- OECD : EC, EFTA, USA, Canada, Japan, Australia, New Zealand and Turkey
- Countries in Central and Eastern Europe (CCEE) : Bulgaria, Czech and Slovak Republics, Hungary, Poland, Romania, former USSR and Yugoslavia
- OPEC : Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates and Venezuela
- Dynamic Asian Economies (DAE) : Hong Kong, Korea, Malaysia, Singapore, Taiwan and Thailand
- Other Asia : all except DAE's, Indonesia, Iran, Iraq, Kuwait, Qatar, Saudi Arabia and UAE
- Latin America : all except Ecuador and Venezuela
- Africa : all except Algeria, Gabon, Libya and Nigeria

In the ESA definition of "General Government" social security is included but public enterprises are excluded.

The employment statistics refer to the number of occupied persons except in the Netherlands where they refer to man-years.

In the "imports" and "exports" tables, the EC figures include both intra- and extra-Community trade.

EUR figures include the new German Länder from 1991 onwards; for percentage changes from 1992 onwards.

## Principal economic policy measures — October 1994

### Community (EUR-12)

10.10 EcoFin Council, in the context of the excessive deficit procedure, reaches a consensus on the recommendations to be sent to the 10 Member States with excessive budget deficits.

10.10 EcoFin Council approves the revised Spanish convergence programme but at the same time urges the Spanish authorities to adopt more ambitious fiscal targets.

### Belgium (B)

None.

### Denmark (DK)

None.

### Germany (D)

None.

### Greece (GR)

None.

### Spain (E)

30.9 The Spanish government approves a second incentive package for the replacement of old cars ("Plan Renove II"). In this second phase, following the subsidy of PTA 100 000 for cars that are ten years old or more, owners who replace cars that are seven years old or more will receive PTA 80 000. This new plan will come into force on 12 October and will last until 30 June 1995.

### France (F)

None.

### Ireland (IRL)

None.

### Italy (I)

None.

### Luxembourg (L)

14.10 The government approves a draft law providing for a 3.3% increase in the minimum wage, the guaranteed minimum income and private-sector pensions. This increase, which will come into force on 1 January 1995, is simply an adjustment in line with the wage trend over the last two years.

### Netherlands (NL)

None.

### Portugal (P)

3.10 The Bank of Portugal cuts its discount rate from 12% to 10.5%.

17.10 The 1995 budget is presented to Parliament. Total spending is set at ESC 4 380.8 billion (ESC 4 165.0 billion in 1994) and total revenue at ESC 3 640.2 billion (ESC 3 408.3 billion in 1994). The general government deficit should reach 5.8% of GDP, down from an estimated 6.3% in 1994. The budget estimates are based on forecast real GDP growth of 2.5% to 3.5% in 1995 and on an expected fall in inflation to between 3.5% and 4.5% (down from the current rate of 5.8%). According to the 1995 budget proposal, the standard rate of value added tax (VAT) will rise to 17% next year from the current rate of 16%; the 30% VAT rate on luxury goods will be abolished. From 1 January 1995 stamp duty on all foreign-exchange transactions will be reduced from 9% to 7% and the withholding tax on bonds issued will be cut from 25% to 20%.

### United Kingdom (UK)

None.

## Prices (excluding VAT) in Luxembourg

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